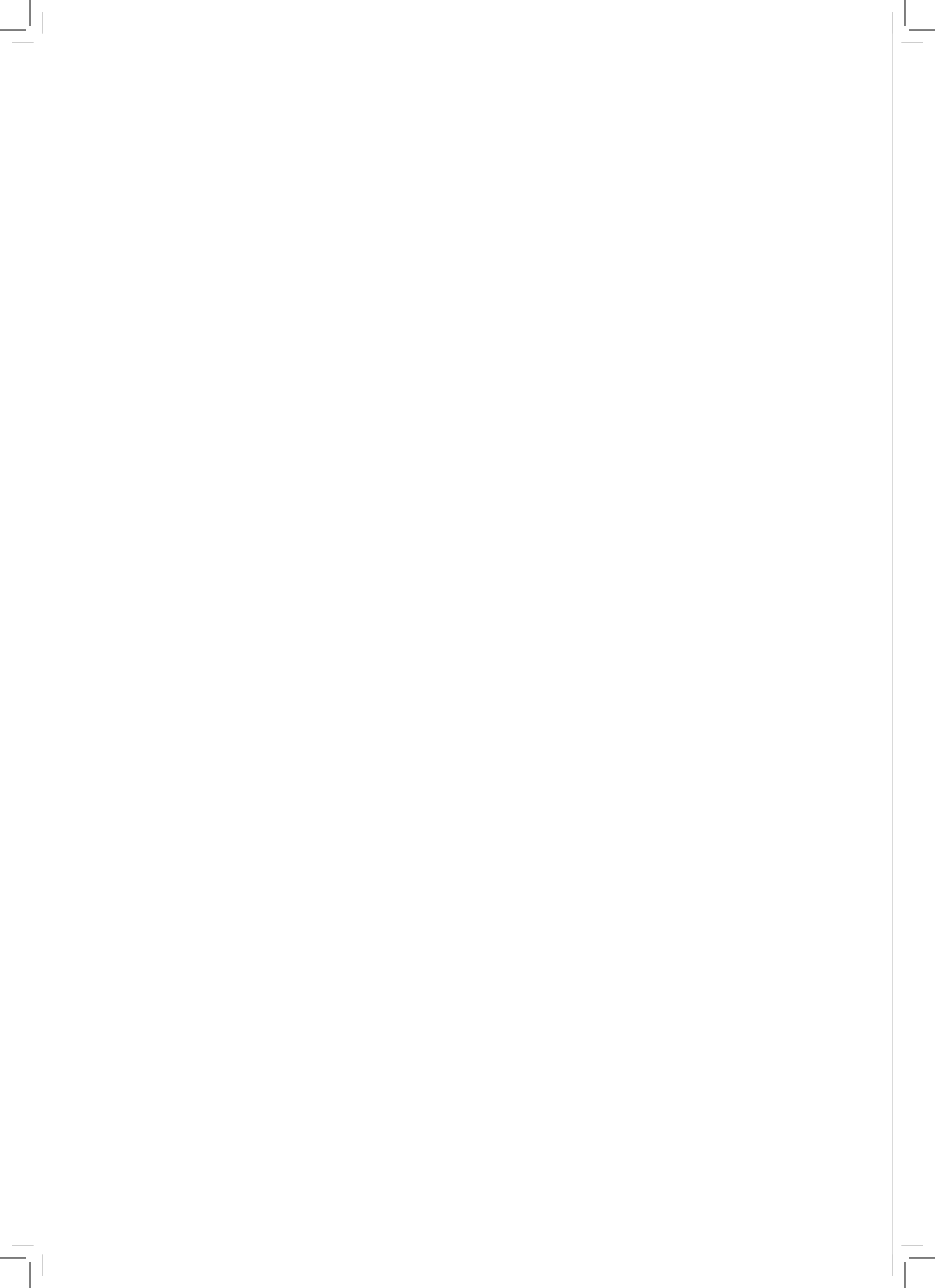


**National Institute
for Health and
Care Excellence**

**Annual Report and
Accounts 2021/22**

HC 423

NICE National Institute for
Health and Care Excellence



**National Institute for Health
and Care Excellence
(non-departmental public body)**

Annual report and accounts 2021/22

**For the period 1 April 2021 to 31
March 2022**

**Presented to Parliament pursuant to
Schedule 16, paragraph 12(2)(a) of
the Health and Social Care Act 2012**

**Ordered by the House of Commons
to be printed on 14 July 2022**

HC 423

© Crown copyright 2022



This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents and at www.nice.org.uk.

Any enquiries regarding this publication should be sent to us at

National Institute for Health and Care Excellence
Level 1A, City Tower
Piccadilly Plaza
Manchester M1 4BT
Telephone: +44 (0)300 323 0140
Email: nice@nice.org.uk
Website: www.nice.org.uk

ISBN 978-1-5286-3456-4
E02759949 07/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

Contents

Performance Report	7
Overview	8
Making an impact	12
Who we are and what we do	14
Performance summary	17
Highlights of 2021/22	17
Making a difference to people's lives	28
Performance analysis	34
Financial review	36
Sustainability report	42
Accountability Report	47
Corporate Governance Report	48
Directors' report	49
Governance structure	49
Statement of the board's and chief executive's responsibilities	56
Annual governance statement	57
The risk and control framework	64
Remuneration and Staff Report	68
Senior staff remuneration	68
Performance appraisal	68
Parliamentary Accountability and Audit Report	90
The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament	92
Financial statements	99
Statement of comprehensive net expenditure for the year ended 31 March 2022	100
Statement of financial position as at 31 March 2022	101
Statement of cash flows for the year ended 31 March 2022	102
Statement of changes in taxpayers' equity for the year ended 31 March 2022	103
Notes to accounts	104



Performance Report

Overview

This section describes the role of NICE, explains what we do and lists our achievements in 2021/22.

Chairman's foreword



Sharmila Nebhrajani OBE
Chairman

A new strategy fit for the future

We began 2021/22 with the successful launch of our [5-year strategy](#). The strategy sets an ambitious plan for NICE to continue to provide evidence-based, rigorously evaluated, clinical guidance and health technology evaluations in a world where an astonishing array of new products are arriving at staggering pace. It sets new evaluation processes and guidance for health care interventions; and it refreshes our approach to implementation to ensure effective adoption of high clinical standards and the most promising innovations.

Addressing the challenges of a post-pandemic world

Much of 2021/22, like the year before, was spent in the shadow of COVID-19. At NICE, this required major changes to the ways we work. It placed numerous demands on our staff, our committees and our advisors - who through their commitment and determination - ensured that as many medicines as possible could go through our health technology evaluation, and that our guidance for clinicians on the most pressing disease burdens of the day continued to be produced.

We published the first review of our methods and processes in five years, and we even managed to move our offices in the midst of the pandemic. I am grateful to the efforts of everyone at NICE, who through their personal determination and diligence, managed to keep the show on the road in all these myriad ways.

As we emerge from COVID-19, we know the biggest challenges remain ahead of us. The sheer number of products and interventions that might improve health care - from new molecules or devices on the one hand, to new clinical pathways on the other - means that identifying and prioritising for adoption those that make the greatest difference, is complex and difficult work. I see NICE's crucial role as understanding the perspectives of all who seek to improve the standard of care; ensuring they have a fair hearing, and a balanced evaluation of the costs and benefits of their services, so that we can identify those that are most promising. And it is a role we must conduct in a manner that encourages, rather than discourages, promising new treatments and practices.

This task is undeniably getting harder. Changing demographics, and the significant health inequalities exposed by COVID-19, mean the demand for treatments is likely to exceed the ability of budgets to satisfy them. A rich pipeline of therapeutic possibilities promises more and better health. But identifying those with the greatest promise needs new, innovative methods, and a realisation that the new developments that most improve clinical outcomes may only be afforded by phasing out those whose contributions have been overtaken.

In such a world, science and evidence must remain at the heart of decision-making in healthcare. Using rigorous analysis of the evidence, NICE must be agile and dynamic in its work. Patients will have earlier access to innovative new treatments when there is greater flexibility over decisions about value for money, and consideration of a broader evidence base to tackle the uncertainties that accompany the most innovative treatments.

As we enter the second year of our strategy, it is important that we help the wider health system address the new and continuing pressures that result from the pandemic. Our role is as a guide for driving efficient, informed decision-making, producing guidance and decisions that recommend only the most cost-effective treatments and procedures. With the growth of integrated care systems, such advice will be crucial to ensure only the most effective treatments are being commissioned.

And in time the end users of our guidance will extend beyond clinicians and health care providers. People and patients will increasingly take responsibility for their own care, harnessing the power of new digital technology. Our guidance will need to adapt to accommodate this shift from shared care to self-care, while continuing to ensure that we recommend those interventions that are most beneficial, and show most promise, in a clear and accessible manner.

Farewell to departing colleagues, and a warm welcome to new ones

I'd like to close by offering my thanks to the executive team, to all our staff and to the non-executive board for their commitment to NICE and its work. We said goodbye to several colleagues in the year, including our outgoing chief executive Professor Gillian Leng, whose long contribution to the work of NICE over almost two decades fully merited the warm tributes paid to her by colleagues on her departure. Of those that left us this year, in my view especial gratitude is due to vice chair Tim Irish, whose intellectual and practical support of me, executive colleagues and the whole organisation over seven years was quite simply exemplary.

And of course, many new colleagues have joined us this year too, most notably our new chief executive Dr Sam Roberts who, though only just in role, is already making a wonderful contribution. Both myself and the board are excited to work alongside her over the coming years.

We have challenging times ahead. The years to come will not be uniformly easy – but they promise to be of great interest. I am confident that the organisation is ready to tackle the challenges we will undoubtedly face with great determination to do the very best for our people, our patients and for our country.



Dr Sam Roberts
Chief executive

Chief executive's perspective

I am honoured and delighted to be joining NICE as chief executive - an organisation I've held with great admiration and respect for many years. I've had a varied career in health and care so far, with roles ranging from junior doctor to NHS manager and health economist. Throughout, NICE has been a constant guiding presence. I've found its expertise indispensable for helping decision making - whether that's in treating patients correctly, or in making sure I commissioned only the most clinically and cost-effective medicines and procedures.

So it is with great excitement that I join NICE, and especially at a time when changes in the health and care system present a real opportunity for the organisation.

Making a difference to people and patients

NICE is rightly respected as a world-leader in supporting evidence-based decisions in health and care. As I join the organisation, it is clear to me that our core purpose is unchanged. We help ensure people and patients receive the best possible care, through advice on the clinical and cost effectiveness of interventions.

I'm pleased to see the numerous examples of how we've contributed to improving the lives people and patients that are peppered throughout this review. New guidance on pelvic floor dysfunction recommends a preventative strategy that could benefit up to 140,000 women. We recommended the first new treatment for 20 years for sickle cell disease, and our guidance on glaucoma could lead to cost savings to the NHS of around £400,000 by 2025/26. Elsewhere, we've produced a raft of information on women's health, and provided easy to use guidance on safeguarding in care homes. The breadth of work highlights the essential role our guidance continues to play in supporting the health and care system.

A new NICE strategy

Just as our core purpose is unchanged, our independence, rigour and transparency also remain as important as ever. They are principles that we must never compromise.

However, the world around us has changed substantially and continues to evolve. We are going through a golden age of innovation in health and care, the likes of which we have not seen in our lifetimes. And the experience of the pandemic has caused organisations such as ours to adapt processes and operate more flexibly amidst ever-changing pressures. To maintain our role as a leader in health and care, it is important then that we adapt to meet the opportunities of this technical revolution, and that we apply the lessons learned from the pandemic to meet future challenges.

This year we have made important strides towards adapting our processes so that they meet these opportunities and challenges.

In April, we launched our new [5-year strategy](#), which articulates how we will improve the speed and efficiency of our work, while maintaining robust, trusted methods. The strategy outlines how we will make our key services - our guidance products - more agile and more accessible, and how we will act as a global leader in new areas such as digital technologies.

A comprehensive review of our methods and processes for technology appraisals

In February 2022, we launched our new combined methods and process manual and our topic selection manual for health technology evaluation.

The manuals outline changed processes for new evaluations and will give patients earlier access to innovative new treatments, by allowing greater flexibility over decisions about value for money, and consideration of a broader evidence base. They result from one of the largest and most comprehensive reviews of our health technology evaluations ever undertaken.

Prioritising our focus

Going forward into 2022 and beyond, NICE needs to prioritise our overall programme of work. This is to ensure that we are focussed on those areas that only NICE can do and which bring the greatest benefit to people and patients.

Through discussions with both internal and external stakeholders I am clear that at NICE we need to do 3 things: actively draw in the most cutting-edge improvements in care, rapidly, dynamically and robustly translate these into useful, useable advice, and purposefully influence the system to adopt the best possible care for people and patients. Developing our capability in these three areas must be our priority for next year.

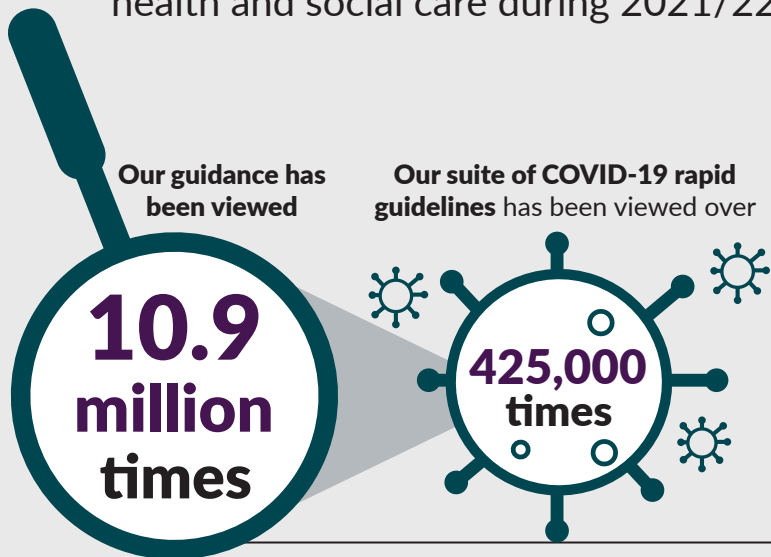
Thank you

It is a huge testament to our staff, chairman and board that we have been able to launch a new strategy and set out new processes while continuing our core role of producing guidance. I am hugely grateful for their dedication and commitment. I would like to offer my thanks to our dedicated independent committees and partners across the system for their invaluable support.

I also wanted to give my thanks to Professor Gillian Leng CBE, who departed earlier this year as NICE chief executive, having been at the organisation for over 20 years. It is a tribute to her hard work and dedication that she leaves NICE as an organisation respected across the globe for providing robust, independent and trusted advice. I am honoured to follow her in this role.

Making an impact

Here is a selection of the ways we have made a positive difference to health and social care during 2021/22.



Driving the research agenda

The National Institute for Health Research awarded over



based on our research recommendations



Influencing healthcare improvements around the world

NICE International delivered **75 engagements to 31 different countries**

Women's health

Up to

140,000 people



could benefit from the preventative strategy we recommend in our guideline on pelvic floor dysfunction

Cost savings

Our guideline on glaucoma could lead to cost savings to the NHS of

£400,000

by 2025/26



Thanks to our medical technologies guidance on surgical site infection, absorbable stitches with antibacterial protection could

save the NHS **£13.62** on average per patient

Working with our partners

To help improve health and care for people and patients, we signed formal agreements with:

The Care Quality Commission

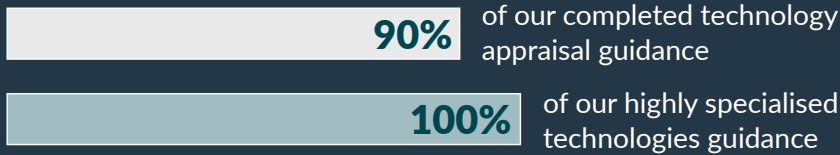
The Academic Health Science Network

NHS England/Improvement



Supporting access to innovative new treatments

We made positive recommendations in



benefitting around **178,000** people

We recommended the **first new treatment**

in **20** years

for sickle cell disease

Around 25,000 people

with moderate rheumatoid arthritis could benefit from the additional treatment options we recommended



Improving patient safety and reducing risk of harm

29 of 34

of the interventional procedure recommendations we published advised a cautious approach. We recommended these procedures are used only in research studies or in other special circumstances.



Around

13,000 adults

with HIV-1 could benefit from the first long-acting injectable treatment thanks to our guidance on cabotegravir with rilpivirine.



More than

250,000 people

with type 1 diabetes could benefit from real-time continuous glucose monitoring thanks to our updated guidance.

More than **600 people**

will benefit from an innovative lung cancer treatment we recommended within the Cancer Drugs Fund



Over

90,000 people

with chronic kidney disease could benefit from our positive recommendation for dapagliflozin, which has the potential to increase the length of time before the disease gets worse.

Who we are and what we do

NICE is responsible for improving health and wellbeing by putting science and evidence at the heart of health and care decision making. We do this by:

- **Providing independent assessment** of a wide range of complex evidence to help commissioners, frontline practitioners, patients, carers, and the public to make better informed decisions. These decisions may be about the care people receive, the safety of new procedures or the use of finite health and care resources.
- **Working with those at the forefront of scientific advances** and using our analytical skills, knowledge and expertise to identify, assess and develop timely recommendations on innovations that have a real impact on patients' lives and on the delivery of health and care services, while representing good value for the system.
- **Working with partners across the health and social care system** to drive the uptake of effective and cost-effective new treatments and interventions to benefit the population as a whole, and to improve and ensure equity of access to all members of society.

Over the last 23 years, NICE has built a unique reputation as a world leader in providing robust, independent, and trusted guidance and advice to the health and care system.





Our principles

NICE guidance and quality standards are developed to a high standard and in accordance with a [set of core principles](#) that underpin all of our work and how it is produced. We are internationally recognised for the rigorous processes we use to produce our recommendations, and for the quality and accuracy of our products.

Fit for the future

NICE strategy 2021 to 2026: dynamic, collaborative, excellent

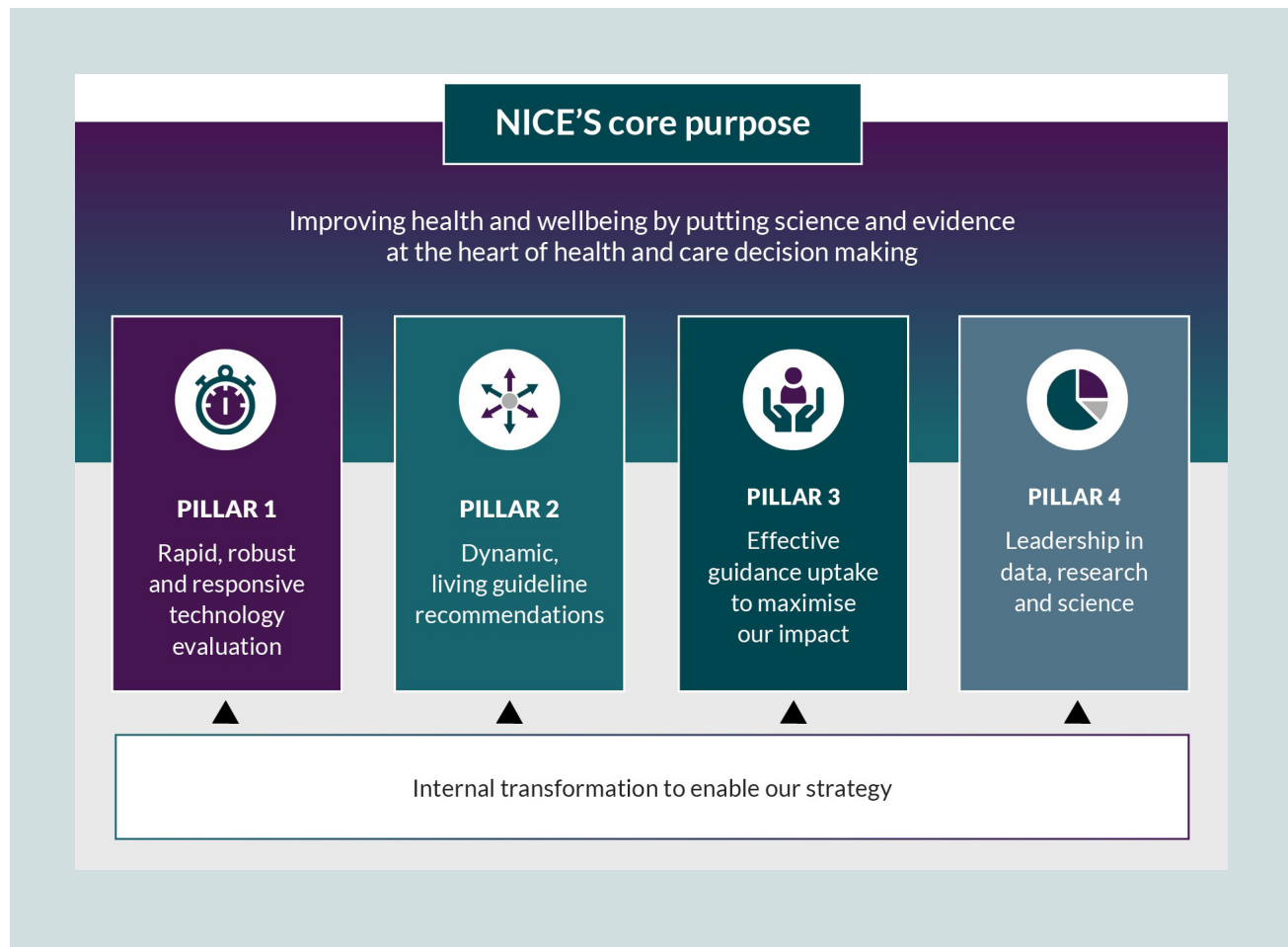
In April 2021, we published [our strategic plan for the next 5 years](#), with over 3,000 people joining our virtual launch event. The strategy marks a new era at NICE. We remain absolutely committed to our core purpose of improving health and wellbeing by putting science and evidence at the heart of decision making but, through our strategic plan, we will aim to become more dynamic, flexible and responsive. Our strategy outlines how we will develop our products, processes, and partnerships in the coming years. It sets out how we will cultivate our approach to be more responsive, using a range of sources of data and evidence, while retaining our independent, robust methods.

A case for change

The strategy has been shaped and informed by the impact of the COVID-19 pandemic, a need to address continuous advances in health and care, and our aim to meet global and national economic challenges.

The speed at which the COVID-19 pandemic gripped our health and care system demanded a new type of response. It required us to act swiftly and flexibly, while constantly monitoring and reacting to a changing situation. Our response to the challenge provided a catalyst for change, which our new strategic ambitions aim to address.

These ambitions are reflected in 4 key pillars that underpinned our work in 2021/22, and which also reflect our vision for the next 5 years.



Performance summary

NICE plays an essential role at the heart of the health and care system. We have continued to support health and social care by providing the highest quality of information about what good care looks like, and how it can best be delivered.

Highlights of 2021/22

During 2021/22 we continued to adapt to the changing needs of the health and care system. Here are some of the highlights of our year.

Pillar 1 - Rapid, robust and responsive technology evaluation

Changes to health technology evaluation

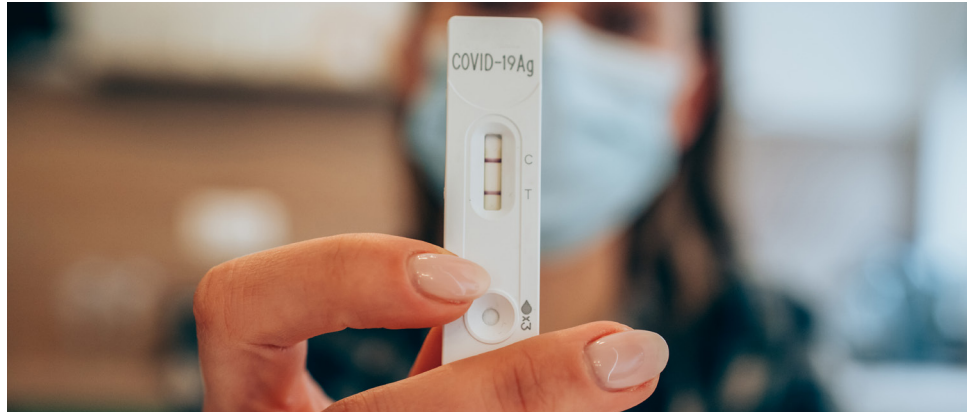
The Voluntary Scheme for Branded Medicines Pricing and Access was agreed by the government and the Association of the British Pharmaceutical Industry in December 2018. It committed NICE to a review of its methods and processes for technology appraisals and highly specialised technologies. We took the opportunity to extend this exercise to include the methods and processes of our Medical Technologies Evaluation Programme and our Diagnostics Assessment Programme, aligning them where appropriate.

We ran a consultation on our proposed changes during August, September and October 2021. Taking on board the comments received, we [published our new programme manual](#) in February 2022.

The changes to our manual will bring improvements to patients, the NHS and the life sciences industry. For example, we will now give innovations for severe diseases extra weight in our decision making. Previously, our committees could recommend more expensive treatments for people who are in their last months of life. We felt it would be fairer to move beyond this, putting additional value on treatments for people with severe diseases, such as heart failure and cystic fibrosis, depending on their severity.

Going forward, we will move to a dynamic modular update approach. We are already mapping several topics for future modular updates including digital technologies, antimicrobials and health inequalities.





RAPID C-19 - responding to the pandemic by providing fast access to treatments

The COVID-19 pandemic has had a significant impact on the UK health and care system. It required organisations to react swiftly and flexibly, while constantly monitoring a changing situation.

We responded to these challenges by speeding up access to effective treatments - through our participation with the research to access pathway for investigational drugs for COVID-19 (RAPID C-19).

RAPID C-19 is an initiative consisting of key healthcare organisations and representatives from the devolved nations that aims to speed up patient access to effective treatments for COVID-19.

As part of this initiative, NICE coordinates and sits on an oversight group, which assesses the effectiveness of treatments in development. The group scans for new treatments, monitors clinical trial results, rapidly evaluates evidence and agrees appropriate actions for treatments that are effective. We are responsible for synthesising information about the treatments, including the emerging evidence, into briefing documents. The group uses this to support decision making to speed up regulatory and commissioning approaches, where the evidence is promising.

One of RAPID C-19's key achievements has been its ability to enable patient access to treatments within 10 to 15 days of significant trials reporting positive signals. This has been achieved through finding new ways of sharing information with our system partners in response to unprecedented challenges.

RAPID C-19 has helped the healthcare system enable patients to have rapid access to 9 treatments so far, with more than 70 further treatments now being actively monitored.

As a result of RAPID C-19, patients now have access to:

- dexamethasone
- hydrocortisone
- remdesivir
- tocilizumab
- sarilumab
- casirivimab and imdevimab
- sotrovimab
- molnupiravir
- paxlovid.

Our work in digital health

A new Office for Digital Health

A focus on digital health is one of the core aims of our 5-year strategy.

Digital health technologies are emerging at a rapid pace within the health and care system. It is important that these technologies, where safe and effective, reach patients in a rapid manner.

This year, we launched our new Office for Digital Health, which aims to help accelerate the adoption of new digital technologies to the health and care system by:

- Identifying technologies that offer the greatest potential to improve health and care.
- Establishing universal data and evidence standards for digital health technologies.
- Monitoring NICE's evaluation methods and processes to accommodate the evolution of technologies.
- Working with strategic partners to improve digital health approval pathways and reimbursement policy.

Ensuring digital technologies are effective and offer value

One of the Office's ongoing projects is to update our evidence standards framework. This is a set of standards that we've developed, alongside our partners, for developers and adopters of digital health technologies.

The framework provides developers with the information to ensure new technologies are clinically effective and offer economic value. It makes it easier for innovators and commissioners to understand what good levels of evidence for digital health technologies look like. And it ensures the technologies meet the needs of the health and care system, patients, and users.

This year, following feedback from our stakeholders, we updated the framework. The structure remains the same, but we have changed its wording to make it easier to understand and use. A further update of the framework, that will include standards for data-driven technologies such as artificial intelligence with adaptive algorithms, is currently in progress and will be published in summer 2022.



Improving pathways and identifying digital technologies

The Office's Innovative Devices Access Pathway project is working with partners from all home nations to create a new process that identifies and supports technologies that meet a critical unmet need. The aim of this is to allow early conditional access to these technologies in a safe way.

The Office's topic intelligence project has started to identify digital health technologies that offer high value to patients and the healthcare system in selected clinical priorities. These include cardiovascular and mental health conditions, and long-COVID. The project will create new networks that will highlight important digital and medical technologies while identifying system needs and clinical priorities. The aim is to proactively connect digital topics to NICE's work programmes.

Both projects are nearing completion and will publish in summer 2022.

Supporting the adoption of artificial intelligence in healthcare

Artificial intelligence (AI) has rapidly become a part of everyday life - being used in everything from shopping, to search engines and cybersecurity. In healthcare, it has the potential to bring benefits to patient care and help those working in the system to improve efficiency.

This year, great strides were made in setting up a new multi-agency advisory service (MAAS) to support AI technologies to be developed and adopted in a safe and effective way.



MAAS is a collaboration between NICE, the Medicines and Healthcare products Regulatory Agency, the Care Quality Commission and the Health Research Authority. We have been leading key work across all partners. This includes mapping the regulatory and evaluation pathway, commencing joined-up policy work to make the pathway more intelligible to users and user-research to ensure the service meets their needs.

Subject to funding, different parts of the service will go live in the coming year, the first of which will be a new web platform. This will provide an overview of the regulatory and evaluation pathway and detailed guidance on each step within it. More specific advice will also be available to users, with joined up support for AI innovators made available through the NHS Innovation Service.

We are also collaborating with system partners on the AI in Health and Care Award. This award funds and supports promising AI technologies for health and social care. We are supporting companies that are taking part in the award.

Case study: new technology that could transform the lives of people with type 1 diabetes

We are assessing the clinical and cost effectiveness of hybrid closed loop systems for managing blood glucose levels in type 1 diabetes.

'Closed loop technology', also known as an artificial pancreas, continually monitors blood glucose and automatically adjusts the amount of insulin given through a pump.

In June 2021, the NHS announced that up to 1,000 people living with type 1 diabetes will benefit from a pilot of the technology.

We have worked closely with colleagues at NHS England and NHS Improvement to align the timing of our assessment with the pilot. The real-world data generated will inform our evaluation. This will ensure that our recommendations will be based on all available information from the NHS.



Innovative Licensing and Access Pathway

In January 2021, the Innovative Licensing and Access Pathway (ILAP) was launched. This initiative aims to provide safe, early and financially sustainable access to innovative medicines.

Through ILAP, manufacturers are able to access to coordinated support from partners across the health system. This will help optimise the clinical development, licensing and access processes - reducing timelines, improving efficiency, and contributing to financially sustainable new medicines.

We developed ILAP in partnership with the Medicines and Healthcare products Regulatory Agency (MHRA), the Scottish Medicines Consortium (SMC) and All Wales Therapeutics and Toxicology Centre (AWTCC).

Over the next year, we will work with partner organisations to ensure the full delivery of ILAP as a major part of the UK life sciences infrastructure.

We are also piloting a separate new Innovative Devices Access Pathway (IDAP). This pathway aims to help manufacturers provide their devices to healthcare professionals and patients at the earliest safe opportunity.

The IDAP is similarly a joint project between NICE, the MHRA, Health Technology Wales and the Scottish Health Technologies Group.

The pathway aims to offer help and support to developers to generate evidence that meets the needs of the regulator and health technology assessment bodies.



Paving the way for new antimicrobial medicines

Antimicrobial drugs are frequently used to treat infections. Yet the more we inappropriately use these drugs, the less effective they become - leading to the problem of antimicrobial resistance.

The World Health Organization has declared antimicrobial resistance one of the top 10 global public health threats facing humanity. Among its concerns is the rapid spread of 'superbugs' - pan-resistant bacteria that cause infections, and which cannot be treated by existing medicines.

Despite the pressing nature of the problem, the pipeline for new antimicrobials is poor and much smaller than for other types of medicines. This is because the responsible use of antimicrobials involves using them sparingly. This in turn impacts on the level of sales, and the incentives for companies to develop them.

In response, NICE is working with the NHS to develop a new model of paying companies for new antimicrobials. The aim is to see if it is possible to pay companies for the value new antimicrobials offer to the NHS, rather than volume of medicines used. The NHS would pay in instalments through subscription-style contracts.

We are currently piloting the new approach on 2 antimicrobials - cefiderocol and ceftazidime with avibactam. We are evaluating these products using adapted forms of our methods. These aim to estimate the full public health benefits that these products will offer. The NHS will use our guidance in final commercial discussions with the companies, to agree the level of subscription payments.

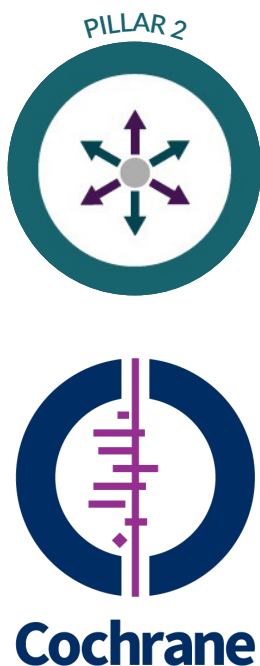
Once the pilots have been completed, we will use the learning to work with the NHS to develop ongoing arrangements for the evaluation and purchase of antimicrobials.

Pillar 2 - Dynamic, living guideline recommendations

We appreciate busy health and care practitioners need quick and easy access to best practice recommendations. To address this, we plan to make our guidelines easier to access and use. Throughout the year, a multi-disciplinary project team has been redesigning our recommendations on type 2 diabetes in adults.

The aim of the project is to develop new ways of creating, structuring and presenting our recommendations to better reflect the needs of end users.

In September 2021, we signed a collaborative agreement with Cochrane. The agreement will enable us to better use Cochrane reviews to respond quickly when the evidence underpinning our recommendations changes. This will facilitate efficient and effective updates to the recommendations in our guidelines, supporting one of our core strategic objectives to provide living guidelines that are dynamic and rapidly updated.



We've also been exploring different tools for developing guidelines, for example the managing COVID-19 guideline authored using the 'Making GRADE the Irresistible Choice' publishing platform (MAGICapp). MAGICapp is a web-based tool used by organisations such as Australia's National Health and Medical Research Council and the World Health Organization. The platform allows the efficient sharing of evidence between guideline developers from around the world. It helps organisations like NICE to author, publish and update digital clinical guidelines based on the best current evidence and presents the guideline using an interactive structure. During 2021/22 we have been assessing the extent to which MAGICapp can support our requirements for dynamic, living guideline recommendations and this work will continue during 2022/23.

Topic suites - a new, agile approach for updating guidelines

The speed and scope of change in health and care means that our role as a leader and adviser of best practice has never been more important. We're working in a more agile and flexible way, so that we can meet the challenges and opportunities of this ever-changing landscape.

An example of this is in our new approach for updating guidelines. Over the past year, we have taken a broader, topic-based approach to guideline updates. This means that rather than maintaining individual guidelines, we are bringing together related ones under overarching topics, such as diabetes.

This new approach allows us to:

- Carry out multiple updates to guidelines in the same topic area at the same time, in response to the changing health and care landscape.
- Consider how individual guidelines might relate to each other.
- Address topics that go beyond individual guidelines, such as multimorbidity.

Case study: taking a topic suite approach to updating our obstetrics guidelines

An example of this is our update to several obstetrics guidelines.

The results of a PRISM trial (progesterone in early bleeding) showed that we needed to update our advice on progesterone in the ectopic pregnancy and miscarriage guideline.

Rather than updating this individual guideline, we made the update through an overarching obstetrics workstream. We achieved this by recruiting a flexible committee to oversee obstetrics as a topic. As a result, we updated our guidance on the induction of labour, intrapartum care, and preterm labour and birth simultaneously, taking less time than our normal approach.





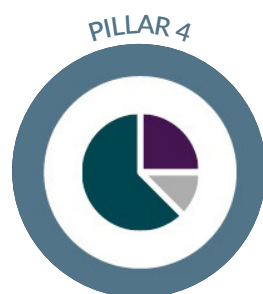
Pillar 3 - Effective guidance uptake to maximise our impact

Our implementation strategy

We have one of the biggest guideline programmes in the world covering a range of topics in health and care. But it is only by putting this advice into practice that it will make a difference to real people. Our implementation strategy outlines a vision for the future where we will drive the implementation of our guidance, forming key strategic partnerships to ensure it is used, delivers improvements and contributes to reducing inequalities, with measures to routinely track adoption.

Alongside development of our implementation strategy, our [field team of implementation consultants](#) continued to connect NICE to the health and social care system at a regional and local level. During the unique period of the COVID-19 pandemic, the team has maintained a wide range of virtual engagements with NHS, local authority and other organisations.

Supporting integrated care has been a key focus for the team over the past 12 months. They've engaged with [integrated care systems](#) (ICS) across England, supporting work programmes to tackle health inequalities, on topics such as cardiovascular disease, maternity care and learning disabilities. They've also advised health boards and health and social care trusts in Wales and Northern Ireland that already have integrated care responsibilities, explaining how our guidance and other products can support them with their integration journey.



Pillar 4 - Leadership in data, research and science

NICE Listens

Public engagement is a long-standing and core principle of our work. We are responsible for making decisions – often ones that are very difficult – that affect the general population. It is important that our policies on complex and controversial issues reflect the values of members of the public.

This year we launched a new programme of public engagement called NICE Listens. This programme invites members of the public to debate challenging social, ethical and moral issues important to our work.

NICE Listens replaces our Citizens Council. The Council was made up of members of the public and provided us with a public perspective on ethical issues such as fairness, which we would take into account when producing our guidance. The work of the Citizens Council was ground-breaking and widely respected across the health and care system.

NICE Listens builds on the Citizens Council's success and aims to address the challenges of the fast-changing health and care landscape in which we operate. Now, instead of a standing group of council members, for each topic we invite a new sample of the public to take part. The group is given time to learn and become familiar with the topic area, before discussing it in detail. Recommendations developed from the findings of the discussions are then used by our executive team and board to inform various aspects of our work.

In 2021, we ran the first NICE Listens project on the topic of health inequalities. In 2022, we expect to run a second project on the topic of environmental sustainability.

NICE and health inequalities

The disparity in health outcomes of people who live in different parts of the UK is stark. Recent official statistics show that people in the most deprived areas of England have almost 2 decades less in good general health than those in wealthier areas.

Addressing health inequalities is among our core principles at NICE. It is also embedded in our new strategy, which outlines a renewed determination to focus our efforts on guidance topics that can help reduce health inequalities.

We have an existing, comprehensive library of guidance aligned to key health inequalities frameworks. We have also published guidance on approaches to addressing health inequalities, for example through community engagement and shared decision making.

However, we recognise the need to prioritise our efforts on those areas of guidance and appraisal that target specific populations or conditions where there is widest variation in practice or outcomes, and where it can have the greatest impact.

Ongoing work on health inequalities

During 2021/22, we published a number of guidelines to help address the issue including integrated health and social care for people experiencing homelessness and tobacco: preventing uptake, promoting quitting and treating dependence.

We are also assisting with a national approach to support the reduction of health inequalities led by NHS England and NHS Improvement. [Core20PLUS5](#) supports integrated care systems to reduce health inequalities through identifying five clinical areas for accelerated improvement. These are maternity, severe mental illness, chronic respiratory disease, early cancer diagnosis and hypertension case-finding. We have mapped our guidance to these areas, providing key evidence-based recommendations for effective practice.

Next year and beyond

Through stakeholder engagement, we know that the health and care system looks to NICE for evidence-based approaches to address health inequalities. We also know that the public expects health inequalities to be considered in a systematic, consistent and transparent manner. We have set several priorities for health inequalities in 2022/23, which include systematically embedding consideration of health inequalities in our guidance production, engaging with system partners to learn about their needs, and working with national clinical audit programmes to understand the impact of our recommendations on health inequalities.



Health inequalities – a case study on how NICE listens

In October and November 2021, 28 members of the public from across England met through online workshops for the first NICE Listens project on the topic of health inequalities. The group was made up of people of different ages, ethnicities, income levels and locations in England, and weighted more towards people who are more likely to be affected by health inequalities.

The group considered the following questions:

- How should NICE act in regard to health inequalities?
- What value does the public place on different types of health inequalities? Are some more important for NICE to consider than others?
- What other factors should inform committee deliberation when they are considering health inequalities?

From the report, we developed a number of recommendations - most of which align with our current activities to incorporate the consideration of health inequalities in our work. It also included 2 further recommendations to develop training on health inequalities for those involved in developing our guidance, and to emphasise the importance of prevention in addressing health inequalities.

We are grateful for the work of NICE Listens and will be taking forward the recommendations as we work to consider health inequalities in all that we do.



Real-world evidence

Real-world evidence is playing an increasing role in healthcare decision making. Generated during routine clinical practice, integrating good quality real-world data into our guidance processes will help to inform rapid but robust decisions. This will maximise the potential of clinical data and drive forward access to innovations for patients.

During 2021/22, we developed a real-world evidence framework. The framework, based on an extensive review of best practice, outlines how real-world evidence studies should be planned, conducted, analysed and reported. Following stakeholder review, we plan to publish the first version of the framework in summer 2022.

Alongside this work, in January 2022, we joined along with 20 other organisations as founding members of the [GetReal Institute](#). The GetReal Institute's core mission is to facilitate the adoption and implementation of real-world evidence in healthcare decision making. Dr Felix Greaves, director of science, evidence and analytics at NICE said: "Our role within the GetReal Institute will enhance our ability to work with like-minded organisations to tackle challenges in the area of real-world evidence which need unified support in order to ensure the needs of patients are met in 2022 and beyond."

Case study: supporting COVID recovery through updates to our bronchiolitis guideline

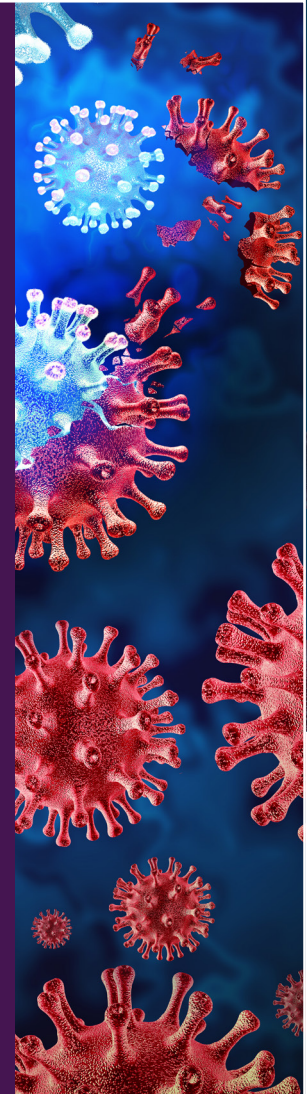
The pandemic has taken an enormous toll on everyone working within the health and care system.

At NICE, we have supported the system's response and recovery to COVID-19 in a number of ways. Over the course of the year, [our suite of COVID-19 rapid guidelines](#) has been viewed over 425,000 times. Another example of this is the work we carried out on our [bronchiolitis guideline](#) in response to a potential rising demand for intensive care beds.

In April 2021, NHS England raised concerns that with restrictions easing following lockdown, there might be a surge in respiratory syncytial virus infections. This is a viral infection of the respiratory tract that commonly affects children under 2. The concerns were that an increased rise in bronchiolitis admissions could overrun paediatric intensive care units.

We had reviewed our guideline on bronchiolitis prior to the pandemic, and recognised that there was emerging evidence around oxygen saturation levels. This evidence suggested lowering the oxygen saturation threshold at which supplementary oxygen is given to children and babies with bronchiolitis could reduce the amount of time spent in hospital.

Following the concerns raised by NHS England over capacity, we rapidly updated our guideline and delivered it ahead of the predicted surge date.

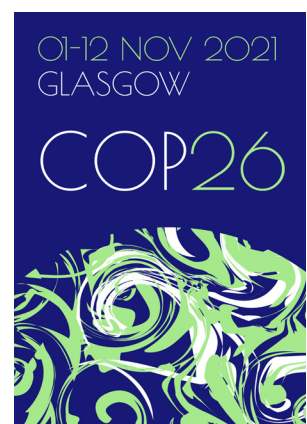


Environmental sustainability

NICE has an important role to play in supporting environmental sustainability through our products, processes and messaging. Our work supports the government's commitment to achieve net zero carbon emissions by 2050. It also supports the NHS's commitment to achieve net zero carbon emissions by 2040 for direct emissions and 2045 for indirect emissions.

As part of our 5-year strategy, we pledged to lead globally on the potential to include environmental impact data in our guidance. To take this important work forward, this year we commissioned an academic partner, [York Health Economics Consortium](#). They will scope what a practical framework for quantifying and presenting environmental sustainability information might look like.

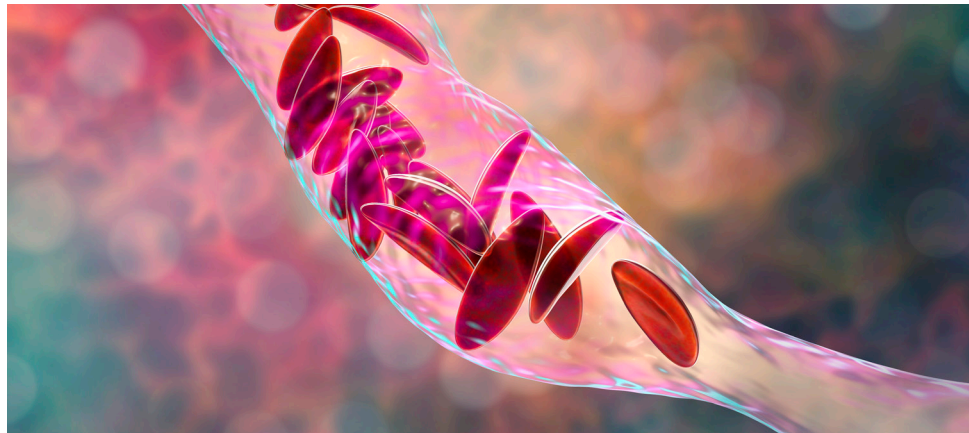
As a member of the Net Zero Health and Care Committee, NICE was represented at the UN Climate Change Conference (COP26) in Glasgow by [Greener NHS](#). As part of the conference's 'Health Day', we publicised our commitment to the reporting of environmental impact data in our guidance. This sends an important signal to health technology manufacturers, distributors, and healthcare providers that environmental sustainability, alongside clinical and cost effectiveness, is a key priority for the NHS. Please see our Sustainability Report on [page 42](#).



Making a difference to people's lives

Improving patient access to innovative new medicines and technologies

In November 2021, we recommended [crizanlizumab for preventing sickle cell crises in sickle cell disease](#). This was the first time in 20 years that a new therapy for sickle cell disease was to be made available on the NHS.



In January 2022, we approved the first long-acting injectable treatment for HIV infection. [Our guidance on cabotegravir and rilpivirine for treating HIV-1](#) was the first time we had made recommendations about the use of HIV treatment since these came under NICE's remit in 2019.



In March 2022, we recommended the first gene therapy for children with a rare, fatal, genetic disorder. Atidarsagene autotemcel is the first ever treatment for metachromatic leukodystrophy (MLD). Costing around £2.8 million at its list price, this one-off treatment is the most expensive drug we have ever evaluated.

The impact of our work

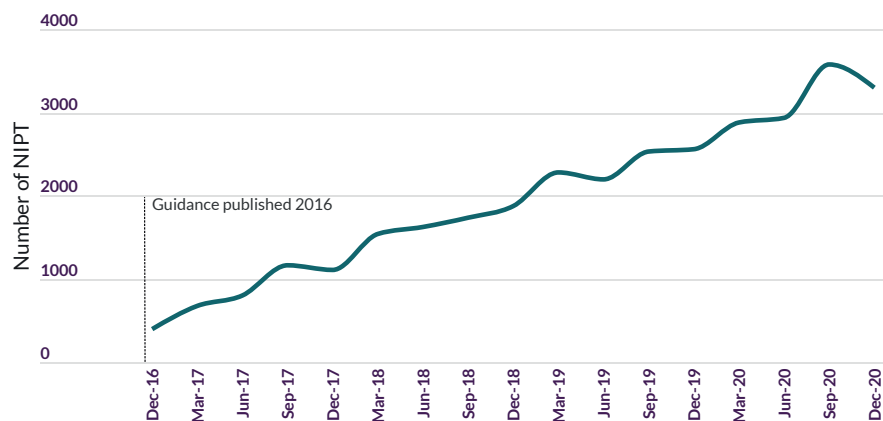
[NICE impact reports](#) explore how our recommendations for evidence-based and cost-effective care are being used in priority areas of the health and care system. Since April 2021, we have published 4 impact reports covering [diagnostic pathology](#), [cardiovascular disease prevention](#), [people with a learning disability](#) and [arthritis](#).

Our impact reports are based on data from national audits, reports, surveys and indicator frameworks that show the uptake of our guidance and quality statement measures. They also include insights from patients and experts in the field.

The reports demonstrate how NICE guidance is being used in practice and the positive progress the health and care system is making, while highlighting areas where more work is required.

NICE has produced a number of technology appraisals on direct-acting oral anticoagulants (DOACs), which do not need regular blood tests. Our impact report on cardiovascular disease prevention shows that since March 2016, primary care prescribing of warfarin has decreased while prescribing of DOACs has increased. Patients report a number of benefits of changing from warfarin to a DOAC including less bleeding and bruising and fewer hospital visits.

Non-invasive prenatal testing increased since the NICE guidance published in 2016



Source: [NHS Blood and Transplant](#)

9 of the 10

integrated care system areas with the highest coronary heart disease mortality rates are also the most deprived

46%

of adults with a learning disability had between 7 and 10 long-term conditions when they died

390,000

people are living with rheumatoid arthritis in the UK

Diagnostic pathology

In May 2021, we published an [impact report on diagnostic pathology](#). Pathology tests involve taking and analysing samples of body fluids or tissues. They are crucial to the diagnosis of many conditions. 1.2 billion pathology tests are estimated to be carried out each year in England and around 95% of clinical pathways rely on access to pathology services.

The report illustrates a number of improvements in diagnostic pathology, in part driven by recommendations in NICE guidance.

One area that has seen a particular improvement is placental growth factor (PIGF)-based tests for suspected pre-eclampsia. Our [updated guideline on hypertension in pregnancy](#), along with our [diagnostics guidance on PIGF-based testing](#) recommend a blood test to confirm suspected pre-eclampsia in pregnancy between 20 weeks and 34 weeks plus 6 days. This could result in a faster and more accurate diagnosis of pre-eclampsia. It could also allow pre-eclampsia to be ruled out, so people can return to community care instead of being admitted to hospital for observation. [Data from the Accelerated Access Collaborative](#) showed that while only 1 hospital had access to PIGF-based tests in 2018/19, by 2019/20, this had risen to 60.

“Through objective assessment and the championing of suitable pathology-based diagnostics, NICE has a pivotal role in improving pathology services.”



Dr Michael Osborn
President of the Royal
College of Pathologists



Dr Michael Osborn, president of the Royal College of Pathologists said: “These diagnostic tests highlight that through objective assessment and the championing of suitable pathology-based diagnostics, NICE has a pivotal role in improving pathology services, streamlining healthcare and so maximising the quality of patient care we can provide.”



Working to improve women's health

During 2021/22, we produced a range of information aimed at improving women's health.

In August 2021, we published updated guidance on [antenatal care](#). For the first time, the guideline addresses the supportive role that partners play in pregnancy and includes recommendations about how to involve them in antenatal appointments (according to their partner's preferences).

In November 2021, we published updated guidance on [inducing labour](#). The guideline covers the circumstances for inducing labour, methods of induction, assessment, monitoring, pain relief and managing complications. It aims to improve advice and care for those who are thinking about or having induction of labour.

In December 2021, we published a new guideline on [pelvic floor dysfunction](#). The guideline aims to raise awareness of non-surgical management options so that people are better informed about effective options to address pelvic floor dysfunction.

In May 2021, we called for more evidence to be gathered on the safety and efficacy of 2 procedures. Although the evidence on [transvaginal laser therapy for stress urinary incontinence](#), and for [transvaginal laser therapy for urogenital atrophy](#), did not show any short-term safety concerns, the evidence on their long-term safety and efficacy was inadequate. As a result, our independent interventional procedures advisory committee issued guidance that both procedures should only be used in the [context of research](#).

Safeguarding adults in care homes

There are over 10,800 residential care homes and 4,200 nursing homes in the UK. These provide support to around 410,000 older people and to many younger adults with disabilities, mental health issues or complex support needs.

Over the course of the year, we have worked in partnership with the Social Care Institute for Excellence to co-produce 2 quick guides. Each guide provides easy access safeguarding information for registered managers of care homes.

In April 2021, we published our quick guide on [creating a safeguarding culture](#). It's based on our guideline on [safeguarding adults in care homes](#) and since publication, has been accessed over 5000 times. Sandra Murphy, head of adult safeguarding for Cheshire East Council, said: "This quick guide is essential reading for all who are passionate about cultivating a positive safeguarding culture in care settings where abuse and neglect is not to be tolerated. An excellent tool and resource – not to be left on the shelf!"

We followed this up in June 2021 with a guide on [good practice in safeguarding training](#). Maggie Bennett, owner and managing director of Island Healthcare Ltd and workplace trainer in safeguarding adults said: "This short guide highlights the most important factors to consider when developing training plans, including the importance of reflection and what to cover in the sessions. I am totally reassured that, as always, the very best and up-to-date research has informed this piece of work from NICE."





NICE International

A key objective for NICE is to deepen collaboration with our international partners. We want to do more to share our knowledge and expertise around the world and, in turn, draw on learning from other health systems to inform our work.

[NICE International](#) provides global support to help other countries improve their nation's health and wellbeing. The team works with organisations, ministries and government agencies internationally whose task is to improve evidence-based decision making in health and social care. They offer services that share best practice and expertise from NICE in-line with the [UN's Sustainable Development Goals](#) and UK's global health ambitions.

2021/22 has been a productive year for NICE International. Over the course of the year and with the support of colleagues from across the organisation, the team delivered 75 engagements to 31 different countries. They have agreed long-term collaborations with a number of countries including Egypt, focusing on health technology assessment, and Cyprus, focusing on guideline development, contextualisation and quality indicators.

A key area of work for the team this year has been the development of a [3-year international strategy for NICE](#). Working in collaboration with NICE's Science Policy and Research Programme, they have identified 2 key international strategic ambitions:

- 1. Improving healthcare outcomes across the world.** NICE will contribute to improvements in health and care outcomes across the world by sharing the learning and expertise of NICE internationally, enhancing NICE's reputation as a world-leading institution.
- 2. Establishing international collaborative relationships.** NICE will develop a proactive international intelligence function by establishing collaborative relationships and projects aligned with NICE's priority areas.

There have been no engagements, either based on new or existing agreements, between NICE International and Russian or Belarussian organisations in 2021/22.

The team delivered

75

engagements to

31

different countries

Performance analysis

This section considers in more depth NICE's delivery against the key priorities in the 2021/22 business plan.

How we measure our performance

The chief executive reports on performance at every public NICE board meeting. The update provides a position statement against a consolidated list of objectives in NICE's business plan, and an explanation of any variance between the target output and actual performance.

Our outputs

In 2021/22 NICE produced the guidance and advice shown in the following tables:

Guidelines ecosystem	2021/22 planned outputs	2021/22 actual
Guidelines:		
Standard and interactive	22	30
Topic suites	6	5
Surveillance reviews	20	28

Life sciences ecosystem	2021/22 planned outputs	2021/22 actual
Technology appraisals and highly specialised technologies guidance	98 (88 fully funded via the charging mechanism / 10 terminated)	98
Interventional procedures guidance	33 (of which 2 are digital)	31
Diagnostics guidance	11 (of which 2 are digital)	4
Medical technologies guidance	14 (of which 4 are digital)	12
Medtech innovation briefings (MIBs)	46 (of which 13 are digital)	37
		2021/22 actual
Activity to support guidance development		
Commercial briefing notes for NHSE&I to support discussions with companies	Up to 65	39
Advice on 'Patient Access Schemes	Up to 60	41
New data collection agreements	Up to 24	12
Data collection projects and associated managed access agreement exits	Up to 12	13

Information ecosystem	2021/22 planned outputs	2021/22 actual
Monthly updates of the BNF and BNF C content	12	12
Shared decision making outputs (including prescribing briefings)	8	6
Evidence reviews for NHSE&I specialised commissioning (including COVID-19 rapid evidence summaries)	10	4
Medicines advice products - includes key therapeutic topics (KTTs), evidence summaries, and medicines evidence commentaries (MECs)	10	8
Evidence summaries – antimicrobial prescribing	4	2
New CKS topics	5	4

Financial review

Accounts preparation and overview

Our accounts consist of primary statements (which provide summary information) and accompanying notes. The primary statements comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity. The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FRoM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS), to give a true and fair view of the state of affairs.

NICE is a non-departmental public body (NDPB) with the majority of funding coming through grant-in-aid from the Department of Health and Social Care (74% of total 2021/22 operating expenditure). The remaining funding comes from other NDPBs (NHS England and Health Education England) and our income generating activities (TA & HST charging, NICE Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

The Department of Health and Social Care has approved NICE's business plan for 2022/23 (available to view at www.nice.org.uk/about/who-we-are/corporate-publications) and has provided details of indicative funding levels for the next financial year. It is therefore considered appropriate to prepare the 2021/22 financial statements on a going concern basis.

How is NICE funded?

NICE's total revenue funding from the Department of Health and Social Care for 2021/22 was £55.3 million. This comprised:

- £45.7 million Administration grant-in-aid funding.
- £9.1 million Programme grant-in-aid funding. This is primarily funding to purchase and distribute the BNF (British National Formulary) on behalf of the NHS (both in print and digital versions), and to support the Medical Technologies Evaluation Programme, in particular the cost of the external assessment centres.
- £0.5 million ring-fenced depreciation limit. This is non-cash funding for the annual depreciation and amortisation costs of our assets.

In addition to the revenue resource limit, NICE's capital resource limit was £1.5 million for 2021/22.

The total amount of cash available to be drawn down from the Department of Health and Social Care during 2021/22 was £56.3 million (made up of Administration funding (£45.7 million), Programme funding (£9.1 million) and capital funding (£1.5 million)).

The actual amount of cash drawn down in 2021/22 was £54.5 million. This was £1.8 million lower than the amount available because of underspends on vacancies across the organization, lower than planned spend on digital transformation and lower capital spend than forecast.

Other income

NICE also received £21.0 million operating income from other sources, includes but is not limited to:

- NHS England provided £2.6 million funding to continue supporting a number of programmes:
 - » activities supporting the Cancer Drugs Fund and Managed Access
 - » developing medtech innovation briefings
 - » supporting the Rapid Evidence Summaries programme
 - » host the national medical technology horizon scanning database (HealthTech Connect)
- £3.6 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £0.1m was received from NHS Digital for publication and renewal of quality indicators.
- £8.6 million was received in fees for technology appraisals and highly specialised technologies.
- £2.0 million was received from the devolved administrations and other government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE Scientific Advice, the Office for Market Access (OMA) and intellectual property royalties generated £2.7 million gross income and receipts.
- £0.5 million was received from charges to sub tenants of the Manchester and London offices.
- £0.7million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

How the funding was used

Total net expenditure in 2021/22 was £54.2 million (£49.7 million in 2020/21), which resulted in an underspend of £1.1 million against a total revenue resource limit of £55.3 million (see table below).

Summary of financial outturn

	Resource limit (£m)	Net expenditure (£m)	Variance (£m)
2021/22 Financial outturn			
Grant-in-aid	54.8	53.9	(0.9)
Depreciation and amortisation	0.5	0.3	(0.2)
Total comprehensive expenditure for the year ended 31 March 2022	55.3	54.2	(1.1)
2020/21 Financial outturn			
Grant-in-aid	52.7	49.2	(3.5)
Depreciation and amortisation	1.0	0.5	(0.5)
Total comprehensive expenditure for the year ended 31 March 2021	53.7	49.7	(4.0)

The £1.1 million (2%) underspend in 2021/22 (£4.0 million underspend in 20/21 which was 7%) was due to vacant posts from staff turnover during the year. In 21/22 staff turnover was 11.9% (8.6% 20/21). The higher rate of turnover in the past 12 months is due to the Covid-19 pandemic. Lower than planned spend on transformation projects and lower depreciation charges also contributed to the 2% underspend.

Underspends were offset by under recovery of income from the technology appraisal and highly specialised technologies (TA/HST) programme.

The organisation is structured into 4 guidance and advice-producing directorates and 4 corporate support functions.

The following chart shows how the gross expenditure is spread across NICE.

Gross expenditure by centre and directorate: £74.6 million

Centre for Guidelines



Centre for Health Technology Evaluation



Science Evidence and Analytics



Finance Strategy & Transformation



Digital, Information and Technology



Health and Social Care



Communications



People and Place



Figures exclude non-cash items such as depreciation and provision adjustments.

Capital expenditure

The capital budget during 2021/22 was £1.5 million (2020/21: £3.1 million). The actual spend for 2021/22 was £425K (2020/21: £366K). The underspend in 2021/22 related to planned alterations to the Manchester office that did not go ahead due to COVID-19 and associated uncertainties over how we will use our office in the future.

Of this, £194K was spent on audio visual equipment in the Manchester office, £174k on new network storage, £28K on a refurbishment of the Manchester office reception, £15K on a new uninterruptable power supply for the computer network and £15k for the new Matrix desk and meeting room booking system in the Manchester office.

Better payment practice code

As a public sector organisation, NICE is required to pay all non-NHS trade creditors in accordance with the Better Payment Practice Code. The target is to pay 95% of all valid invoices by the due date or within 30 days of receipt of the goods, whichever is the later. NICE's performance against this code is shown in the following table.

Payment statistics

	Number	£000
Total non-NHS bills paid 2021/22	1,683	27,827
Total non-NHS bills paid within target	1,586	27,114
Percentage of non-NHS bills paid within target	94.2%	97.4%
<hr/>		
Total NHS bills paid 2021/22	254	4,220
Total NHS bills paid within target	228	3,777
Percentage of NHS bills paid within target	89.8%	89.5%

The amount owed to trade creditors at 31 March 2022, in relation to the total billed through the year expressed as creditor days, is 25 days (12 days in 2020/21).

Future developments

For 2022/23 we have prioritised objectives that recognise and respond to the changing system in which we operate, and focus our efforts to have the biggest impact in delivering our 5-year strategy and the Department of Health and Social Care's priority outcomes to:

- Improve healthcare outcomes by providing high-quality and sustainable care at the right time in the right place
- Protect the public's health through the health and social care system's response to COVID
- Improve and protect the public's health while reducing health inequalities
- Improve social care outcomes through an affordable, high quality and sustainable adult social care system.

Information on our objectives and strategic plans can be found in the business plan, available on our website (www.nice.org.uk/About/Who-we-are/Corporate-publications).

Human rights

NICE prides itself on being a good employer, and in our last employee survey 93% of our respondents rated us as a good, very good or excellent place to work. We maintain and implement practices and policies to protect the human rights of our staff, including policies on bullying, harassment and victimisation, grievance and whistleblowing. We have put in place a range of diversity initiatives which are designed to prevent discrimination and we recognise a trade union that our staff are welcome to join.

Signed:

A handwritten signature in blue ink, appearing to read 'Dr Sam Roberts', is positioned above the printed name.

Dr Sam Roberts

Chief executive and Accounting officer

1 July 2022

Sustainability report

Social, community and environmental issues

The NICE occupies part of 1 floor in a shared building in London and 1 floor of a shared building in Manchester. Both landlords provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. All efforts to adapt our working environments in Manchester and London to climate change are reliant on our landlords.

We consider environmental and sustainability issues when procuring goods and services. Whilst The NICE have no sustainable procurement policy, where applicable we would include sustainability factors in a supply selection and the majority of services which have these are procured via the Crown Commercial Services Frameworks which have sustainable procurement embedded within its framework creation process.

Staff are encouraged to travel on NICE business in the most sustainable and cost-effective way. For example, staff are encouraged to commute using public transport by offering a rail season ticket scheme including the Metrolink scheme in Manchester. Furthermore, the NICE is a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use bicycles to travel to work. To aid this the NICE has enhanced the cycling facilities at both offices ensuring we provide excellent storage and changing amenities.

We have introduced reuse schemes to dispose of obsolete audio-visual equipment and other items.

Sustainability

The NICE continues to support and promote climate change issues across the London and Manchester offices. In line with the Greening Government Commitments 2021 to 2025 we will continue to reduce our environmental impact.

Monitoring continues in all areas where the carbon impact is most significant. We updated our metric to 2017/18 as a baseline. Due to the ongoing COVID 19 pandemic it is problematic to measure our 2021/22 performance. The Greening Commitments delineate our pathway to achieving Net Zero by 2050. To aid achievement of this target, The NICE has:

- The NICE has no car fleet to consider in achieving net zero.
- The 2017-18 Greenhouse Gas Consumption (GGC) report that sets The NICE baseline for greenhouse gas emissions for domestic business flights reported that The NICE was responsible for 17.89 tonnes of CO₂. For 2021-22, the domestic business flights emissions amounted to 1.0 tonne of CO₂. That is 6% of the 2017-18 baseline and therefore a 94% reduction. Staff members take domestic flights in exceptional circumstances only.
- The NICE does not currently have any emissions compensation policy.
- Continued to host all committee meetings virtually.
- Eliminated waste sent to landfill; increasing the proportion of waste which is recycled. We encourage staff to reduce waste and separate waste wherever possible

Consumer single-use plastics

The NICE is committed to the elimination of single-use plastics from our offices. Unfortunately, due to the COVID pandemic there was an unavoidable return to usage. To combat this, we have implemented several measures to stop the use of disposable plastic items, reduce waste and encourage the use of reusable or recyclable materials. Such as the return to glass milk bottles as opposed to individual plastic milk pots.

NICE's performance is summarised in tables below but please note:

- Estate information is for the Manchester office only, this includes the tenants the Cabinet office, Regulatory of Social Housing (RSH), Care Quality Commission (CQC).
- The DHSC report on the 2 Redman Place estate for all 7 ALBs on the floor which include: NICE, CQC, Human Fertilisation & Embryology Authority (HFEA), Human Tissue Authority (HTA), Health Research Authority (HRA), Healthwatch and National Guardian.
- Financial information was not separately available for office estate waste because the cost is included in office cleaning and maintenance contracts, where the element is not differentiated.
- Financial information was not separately available for office estate water use because the cost is included in the overall service charge. There are no other uses of finite resources where the use is material.
- NICE currently has no scope 1 carbon emissions, which are from sources owned by the organisation such as fleet vehicles.
- Printing weight and expenditure includes Manchester office printing and the printing of the BNF and the BNFC in England.
- Finite resource consumption does not have a material impact on the delivery of the organisation's strategic objectives.

Sustainable development – summary of performance

Activity		2019/20	2020/21	2021/22
Business travel including international air travel (miles)	Kilometres	2,754,382	7,578	279,200
	Expenditure (£)	1,070,629	2,592	90,323
Office estates energy (Manchester only)	Consumption (kWh)	680,380	496,751	535,176
	Expenditure (£)	159,563	76,297	126,425
Office estates waste (Manchester only)	Production (tonnes)	53.6	2.3	9.6
Printing	Paper (tonnes)	250	226	207
	Expenditure (£)	745,837	718,088	620,776

Estimated carbon emissions

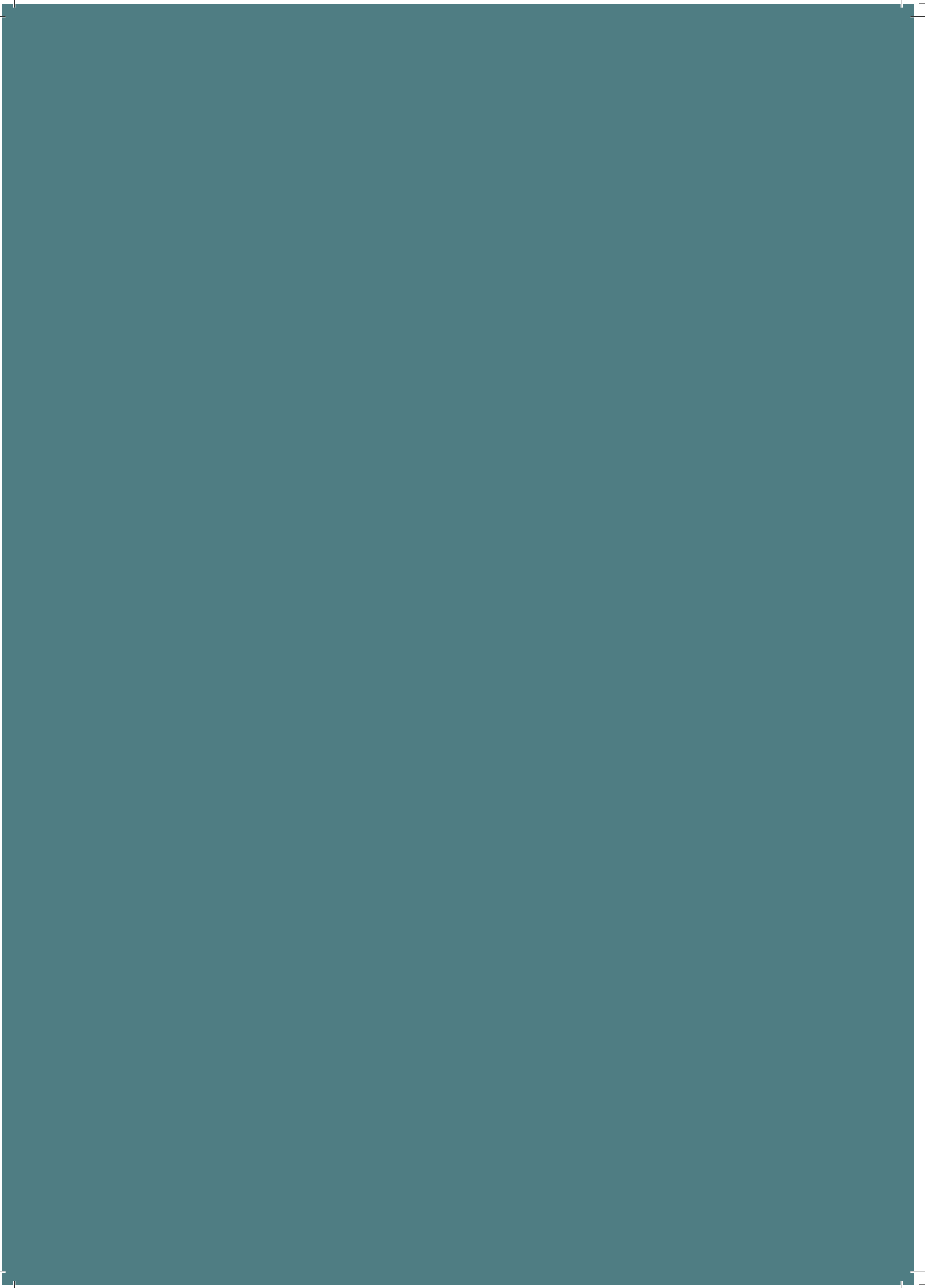
Activity	Outturn 2019/20	Carbon tonnes 2019/20	Outturn 2020/21	Carbon tonnes 2020/21	Outturn 2021/22	Carbon tonnes 2021/22
Mains Green Tariff Electricity (kWh) Manchester only	680,380	189	496,751	115	535,176	124
Scope 2 total emissions Relating to emissions from energy consumed that is supplied by another party	680,380	189		115	535,176	124
Rail travel (km)	3,335,015	137	7,454	0.26	260,265	9.24
Air travel - domestic (km)	151,127	20	0	0	7,665	1.00
Air travel - international (km)	809,769	158	0	0	5,184.8	0.41
Car travel (km)	136,836	24	124	0.02	6,085	1.04
Printing (tonnes)	250	400	226	360	207	325
Scope 3 total emissions Relating to emissions from official business paid for by the NICE		739		360		337
Total		928		475		461

Waste minimisation and management

	2019/20	2020/21	2021/22
Total recycled (tonnes)	25.6	1.1	2.0
Total incinerated with energy recovery (tonnes)	28.0	1.2	7.7
Total waste (tonnes)	53.6	2.3	9.7
Total waste to landfill	0%	0%	0%

Note:

- A value on the total waste arising in tonnes is unavailable.
- The total waste recycled is specified in the table above.
- Total ICT waste recycled in 21/22 was 1,094Kg (221 Kg 20/21).
- No data is available for total waste composted/food waste in 21/22.
- Total waste incinerated with energy recovery is specified above.
- 0 tonnes of waste were incinerated without energy recovery. No data is available for 20/21.
- There was no waste to landfill, as specified in the above table.



Accountability Report

Corporate Governance Report

The purpose of the corporate governance report is to explain NICE's governance structures and how they support the achievement of its objectives.

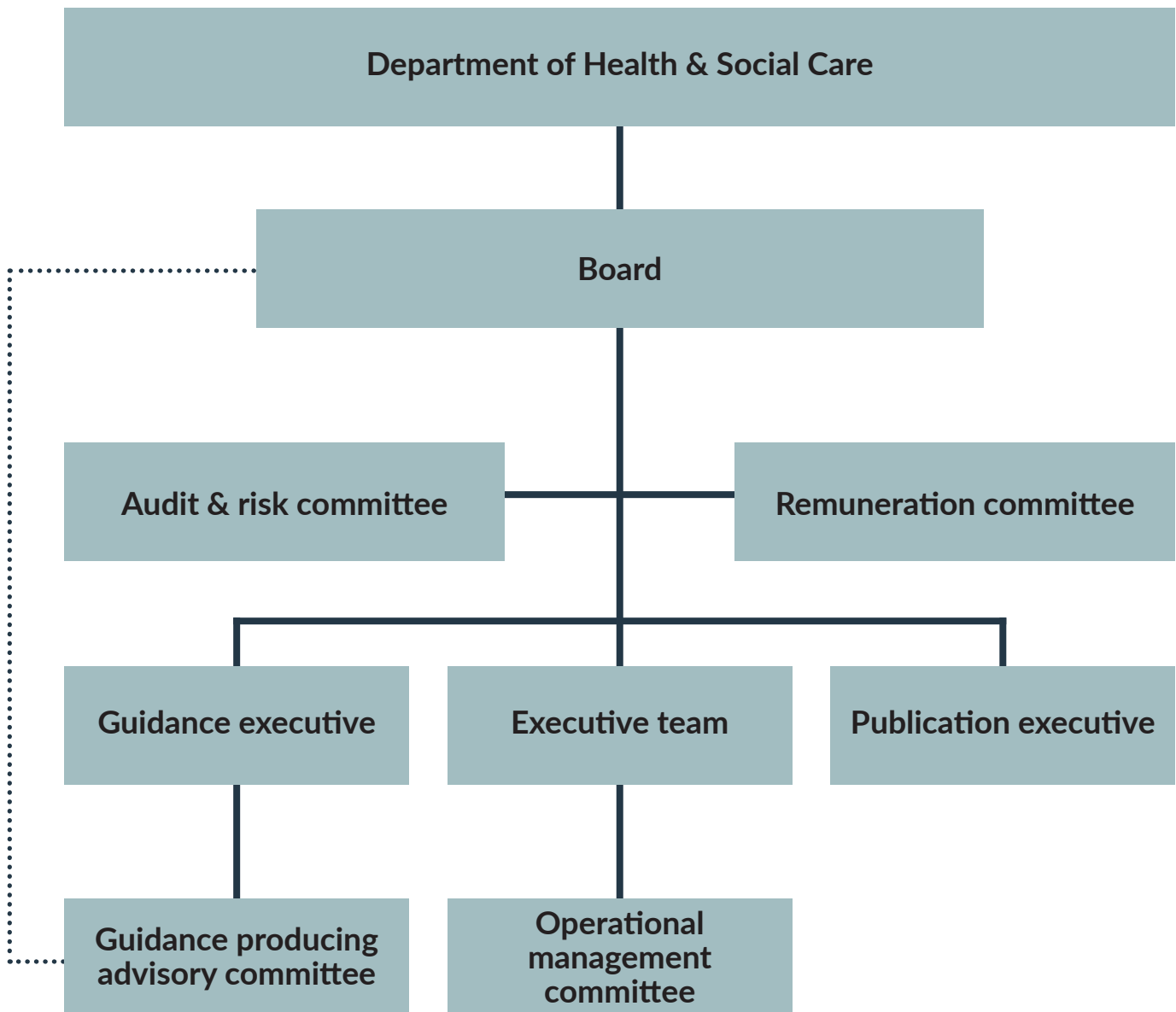
It comprises 3 sections:

- Directors' report (p49)
- Statement of the board's and chief executive's responsibilities (p56)
- The annual governance statement (p57).

Directors' report

The directors' report as per the requirements of the Government Financial Reporting Manual (FRM) requires certain disclosures relating to those having authority or responsibility for directing or controlling the entity including details of their remuneration and pension liabilities.

Governance structure



NICE board

The board:

- develops NICE's strategic priorities and approves the annual business plan
- provides oversight of the management of NICE's resources
- identifies and manages risks and ensures a sound system of internal controls is in place.

Audit and risk committee

The committee:

- provides an independent and objective review of arrangements for risk management, internal control and corporate governance
- reviews the annual report and accounts, prior to approval by the board
- ensures there is an effective internal and external audit function in place
- reviews the findings of internal and external audit reports and management's response to these.

Remuneration committee

The committee:

- agrees the remuneration and terms of service for the chief executive, members of the executive team, and any other staff on the executive and senior manager pay framework
- ensures there is a system of performance review, talent management and succession planning in place for the chief executive and executive team
- reviews the succession planning talent pipeline for the chief executive and executive team roles.

Executive team

The team:

- develops strategic options for the board's consideration and approval
- prepares an annual business plan
- delivers the objectives set out in the business plan
- designs and operates arrangements to secure the proper and effective control of NICE's resources
- prepares and operates a set of policies and procedures that have the effect of both motivating and realising the potential of NICE staff
- constructs effective relationships with strategic partner organisations and maintain good communications with the public, NHS, social care, local government and life sciences industries
- identifies and mitigates the risks facing NICE.

Guidance executive

The guidance executive approves, on behalf of the board, NICE guidance and products developed by the independent advisory committees. These products include NICE guidelines; quality standards; technology appraisals; highly specialised technology evaluations; and medical technologies, interventional procedures and diagnostics guidance.

The guidance executive is responsible for consulting on, and making decisions about, variations to the funding requirement for technologies assessed by the technology appraisal and highly specialised technologies programmes. It also formally receives and takes action on appeal decisions regarding the technology appraisal and highly specialised technologies programmes.

Publication executive

The publication executive approves, on behalf of the board, products to support NICE guidance, other than those that fall under the remit of the guidance executive. It considers products which:

- are of significance to NICE and represent a risk if they are not of high quality
- are at a final pre-publication stage
- represent a new product which requires additional input in the early development stage.

These products include:

- resource impact assessments, adoption support resources, medicines evidence summaries and commentaries, and endorsement statements.

Operational management committee

The committee:

- acts under delegated authority of the executive team to consider operational issues with a cross-organisation impact
- considers new corporate policies and substantive amendments to existing policies
- considers proposed expenditure below £250k which is outside of the approved business plan and budget
- oversees NICE's health and safety, emergency planning and business continuity arrangements, notifying the executive team of any significant issues
- reviews proposals for any management of change affecting less than 20 staff
- reviews the operational risk register and escalates any emerging threats to the executive team
- approves the management response to internal audit recommendations where these have cross-organisational impact/implications.

NICE's board and executive team

The non-executive directors who served on the board in 2021/22 were:

On 1 April 2021, we welcomed six new non-executive directors to the NICE board:

- Mark Chakravarty
- Jackie Fielding
- Gary Ford
- Sir Bruce Keogh (left in July 2021)
- Alina Lourie
- Justin Whatling.

In November 2021 Professor Bee Wee was appointed as a non-executive director of NICE. She took up her role on 1 December 2021.

In January 2022, Dr Mark Chakravarty took on the role of vice chair, a role he had held on an interim basis since November 2021. He succeeded Tim Irish, who had been NICE's vice chair since 2019.



Sharmila Nebhrajani OBE
Chairman



Professor Tim Irish
Vice chair (until 31/10/21)



Dr Rima Makarem
Senior independent director (until 31/07/21)



Tom Wright CBE
Senior independent director (01/08/21 to 31/03/22)



Dame Elaine Inglesby-Burke DBE



Dr Mark Chakravarty
Vice chair (from 19/01/22)



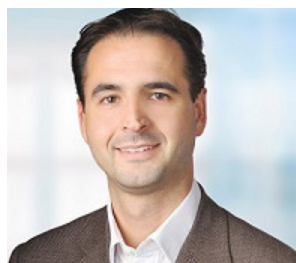
Alina Lourie



Professor Gary Ford CBE, FMedSci



Jackie Fielding



Dr Justin Whatling



Sir Bruce Keogh
(until 19/07/21)



Professor Bee Wee CBE
(from 01/12/21)

Executive directors who served on the board in 2021/22:



Professor Gillian Leng CBE, MD
Chief executive (until 31/01/22)



Dr Sam Roberts
Chief executive (from 01/02/22)



Meindert Boysen
Director, Centre for Health Technology Evaluation



Alexia Tonnel
Director, Digital, Information and Technology



Dr Paul Chrisp
Director, Centre for Guidelines



Jennifer Howells
Director, Finance, Strategy and Transformation

Our chief executive, Dr Sam Roberts, took up her new role on 1 February 2022. Dr Roberts is a qualified doctor with over 20 years' experience of healthcare. Her previous roles include director of innovation, research and life sciences at NHS England and chief executive of the Accelerated Access Collaborative. Dr Roberts succeeded Professor Gillian Leng, who had been NICE's chief executive since April 2020.

In August 2021, Nicole Gee joined NICE's executive team as interim chief people officer. An experienced HR practitioner, Nicole's role is to lead the people aspects of our organisational transformation, working closely with our HR team.

In March 2022, we appointed Helen Knight and Jeanette Kusel as acting interim director of medicines and acting interim director of medtech, respectively.

Directors in 2021/22 were:



Jane Gizbert
Director, Communications



Dr Felix Greaves
Director, Science, Evidence and Analytics



Nicole Gee
Interim Chief People Officer (from 30/08/21)



Dr Judith Richardson
Acting director, Health and Social Care



Helen Knight
Interim acting director of Medicines (from 01/03/22)



Jeanette Kusel
Interim acting director Medtech (from 01/03/22)

Independent advisory committees

The advisory committees develop and update health and social care guidance that improves services and lives.

Membership of these committees includes healthcare professionals working in the NHS and local authorities, social care practitioners and people who are familiar with issues that affect those who use health and social care services, their families and carers. The committees seek the views of organisations that represent people who use health and social care services, and professional and industry groups, and their advice is independent of any vested interest.

During 2021/22 the standing committees were:

- technology appraisal committees, chaired by Dr Jane Adam, Professor Amanda Adler (until December 2021), Professor Gary McVeigh (until September 2021), Professor Stephen O'Brien, Charles Crawley (from September 2021) and Dr Megan John (from September 2021)
- highly specialised technologies evaluation committee, chaired by Dr Peter Jackson
- interventional procedures advisory committee, chaired by Professor Thomas Clutton-Brock
- diagnostics advisory committee, chaired by Dr Mark Kroese
- medical technologies advisory committee, chaired by Professor Shaheen Hamdy (from April 2021)
- public health advisory committees, chaired by Ralph Bagge, Paul Lincoln OBE, Professor Alan Maryon-Davis MBE (until March 2022), Professor David Croisdale-Appleby OBE, Dr Ann Hoskins and Dr Tessa Lewis
- indicator advisory committee, chaired by Professor Danny Keenan (until June 2021) and Dr Ronny Cheung (from June 2021)
- quality standards advisory committees, chaired by Dr Hugh McIntyre (until February 2022), Dr Gita Bhutani, Dr Michael Rudolf and Dr Jim Stephenson
- antimicrobial evaluation committee chaired by Professor Amanda Adler (from January 2022)

Independent academic centres and information-providing organisations

NICE works with independent academic centres funded by the National Institute for Health Research to review the published and submitted evidence when developing technology appraisal and highly specialised technologies guidance. We currently work with:

- Health Economics Research Unit and Health Services Research Unit, University of Aberdeen
- Liverpool Reviews and Implementation Group, University of Liverpool
- School of Health and Related Research (ScHARR), University of Sheffield
- Centre for Reviews and Dissemination and Centre for Health Economics, University of York
- Peninsula Technology Assessment Group (PenTAG), University of Exeter

- Southampton Health Technology Assessment Centre (SHTAC), University of Southampton
- Kleijnen Systematic Reviews Ltd
- BMJ Evidence Centre, BMJ Group
- Warwick Evidence, Warwick Medical School, University of Warwick.

We commission independent academic centres to support advance evidence synthesis in the development of clinical guidance. The Centre for Guidelines in 2021/22 worked with the following organisation:

- Technical Support Unit, University of Bristol.

We also commission independent academic centres to review the published evidence and conduct economic analyses when developing public health guidance. In 2021/22, the Centre for Guidelines worked with the following organisation:

- York Health Economics Consortium.

External assessment centres

We commission 5 external assessment centres to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures and provide methodological support to the evaluation of all technology types. The centres are:

- CEDAR, Cardiff and Vale University Health Board
- King's Technology Evaluation Centre (KiTEC), King's College London
- Newcastle upon Tyne Hospitals NHS Foundation Trust
- Decision Support Unit, School of Health and Related Research (SchARR), University of Sheffield
- York Health Economics Consortium.

National collaborating centres

We commission 2 national collaborating centres (NCCs) to develop guidelines for NICE. The NCCs bring together a multidisciplinary development group for each guideline. These groups include lay people, healthcare professionals such as nurses and GPs, and technical experts who work together to interpret evidence and draft recommendations. During 2021/22 the centres were:

- National Guideline Centre, hosted by the Royal College of Physicians
- National Guideline Alliance, hosted by the Royal College of Obstetricians and Gynaecologists.

From 1 April 2022 all guideline development was transferred to NICE as we seek to refocus our guideline production approach. From the same date staff previously employed by the NCCs were transferred to NICE under Transfer of Undertakings (Protection of Employment) regulations 2006.

Statement of the board's and chief executive's responsibilities

Under the Health and Social Care Act 2012, the Secretary of State for Health and Social Care with the consent of HM Treasury has directed the National Institute for Health and Care Excellence (NICE) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NICE and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Health and Social Care, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

The Accounting Officer for the Department of Health and Social Care (DHSC) has appointed the chief executive of NICE as the Accounting Officer for NICE. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NICE's assets, are set out in Managing Public Money published by HM Treasury.

As chief executive and Accounting Officer, I confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NICE's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

As Accounting Officer for NICE since 1 February 2022, I confirm that there was adequate and sufficient handover from the previous Accounting Officer to provide me with the assurances required to make these statements.

Annual governance statement

Accountability summary

As Accounting Officer, and working together with the NICE board, I have responsibility for maintaining effective governance and a sound system of internal controls that support the achievement of NICE's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I took over as chief executive from Gillian Leng on 1 February 2022. As outgoing Accounting Officer, she provided me with a letter of assurance regarding the production of the annual report and financial statements for the period 1 April 2021 to 31 March 2022.

NICE's role

NICE was established as the National Institute for Clinical Excellence on 26 February 1999 as a special health authority and became operational on 1 April 1999. The Health and Social Care Act 2012 re-established NICE as an England-only national advisory body with the status of non-departmental public body (NDPB). It became known as the National Institute for Health and Care Excellence.

Our purpose is to support people and patients to receive the best possible care by providing independent, rigorous and transparent advice on the clinical and cost effectiveness of interventions in health and social care. We do this by:

- Providing independent assessment of a wide range of complex evidence to help commissioners, front-line practitioners, patients, carers, and citizens to take better informed decisions. These decisions may be about the care people receive, the safety of new procedures or the use of finite health and care resources.
- Working with those at the forefront of scientific advances and using our analytical skills, knowledge and expertise to identify, assess and develop timely recommendations for innovations that have a real and important impact on patients' lives, on the delivery of health and care, and that represent good value for the system.
- Working with partners across the health and social care system to drive the uptake of effective and clinically cost-effective new treatments and interventions to benefit the population as a whole and to improve and ensure equity of access to all people.

Governance arrangements

NICE is led by a board comprising:

- a non-executive chairman appointed by the Secretary of State for Health and Social Care;
- a minimum of 5 other non-executive members appointed by the Secretary of State, one of which is appointed by the board as the vice chair;
- a chief executive appointed by the non-executive members with the approval of the Secretary of State; and
- between 2 and 4 other executive members appointed by the non-executive members.

The board members collectively have a range of skills and experience appropriate to the board's responsibilities to provide leadership and strategic direction for the organisation. The membership of the board in 2021/22 and its governance arrangements are summarised below.

Chairman of the board

Sharmila Nebhrajani was appointed as chairman of the NICE board on 25 May 2020.

Role of the chairman

The chairman is responsible for:

- Leading the board in an open and positive way, representing NICE to the health and social care communities, life sciences industry, and the public, and building on NICE's international status.
- Setting the tone for excellent working relationships between NICE and key stakeholders responsible for the successful operation of the health and social care system, and supporting innovation and the UK life sciences.
- Ensuring that the board puts policies in place to secure the effective management and development of all NICE's staff; that it is clear about the values it holds as an organisation and communicates them effectively to its staff and to its external partners.
- Developing an effective partnership with the chief executive to lead the Institute in advising ministers and the health, including public health, and social care communities in England on effective and cost-effective practice and in securing delivery of the Institute's objectives.
- Challenging and providing support to the executive directors and encouraging and enabling all board members to make a full contribution to the board's affairs and to work effectively as a team.
- Ensuring that strategic and relevant operational issues, including the work of the audit and risk committee are discussed by the board in a timely manner and with appropriate information to support its decisions.
- Ensuring the board and NICE as a whole takes note of the Secretary of State for Health and Social Care's policies and priorities, while being mindful of its responsibility to offer independent and evidence-based advice.

Board membership

Following the appointment of 6 new non-executive directors on 1 April 2021 the board returned to the minimum required size for 2021/22. Three long serving non-executives completed their tenures in 2021/22 and left the board. Professor Tim Irish, Dr Rima Makarem and Tom Wright contributed significantly to NICE's work during their time on the board and the organisation thanked them for their invaluable support and expertise.

Public board

The board usually meets formally 6 times a year in public, with an additional meeting held in private to approve the annual report and accounts. The public meetings are open for the public to observe via Zoom, with the ability to submit questions in real time that are answered during the meeting. This year there were 2 additional board meetings held in private attended by the non-executive

directors to discuss executive and senior management appointments, one of which was attended by Gillian Leng, as Chief Executive.

The public board meetings receive a regular update report from the executive team on the key priorities and progress against the strategic objectives. It also includes any important areas of risk and sits alongside an integrated performance report, which provides data on the status of the key performance indicators and business plan deliverables. The board also receives topic specific reports on new developments and major projects and is provided with updates from its main committees. The board papers and minutes of each meeting are published on the NICE website.

Attendance at the NICE public board meetings and the board committees in 2021/22 is set out below:

	Board attended / eligible	ARC attended / eligible	Rem Comm attended / eligible
Non-executive directors			
Sharmila Nebhrajani	7/9	-	5/5
Dr Mark Chakravarty	9/9	5/5	-
Jackie Fielding *	8/9	-	3/4
Dr Gary Ford *	5/9	-	3/4
Dame Elaine Inglesby-Burke	8/9	2/5	3/5
Professor Tim Irish	4/4	-	4/4
Sir Bruce Keogh *	2/2	-	1/1
Alina Lourie	9/9	5/5	-
Dr Rima Makarem	3/3	2/2	3/3
Dr Justin Whatling	8/9	3/5	-
Professor Bee Wee	2/3	-	-
Tom Wright	9/9	5/5	-
Executive directors			
Professor Gillian Leng	8/8	-	-
Dr Sam Roberts	1/1	-	-
Meindert Boysen	4/6	-	-
Dr Paul Chrisp	7/7	-	-
Jennifer Howells	6/7	-	-
Alexia Tonnel	7/7	-	-
Directors in attendance			
Nicole Gee	3/4	-	-
Jane Gizbert	6/7	-	-
Dr Felix Greaves	6/7	-	-
Helen Knight	1/1	-	-
Jeanette Kusel	1/1	-	-
Dr Judith Richardson	6/7	-	-

* incoming remuneration committee members from 1 August 2021

Strategy board

In addition to the formal public meetings, the board holds informal meetings to consider strategic issues. These were held in April, June, December and February, plus a full day session in October focused on NICE's strategic priorities.

Board effectiveness and development

The board is committed to the highest standards of corporate governance and has committed to regularly reviewing its effectiveness. In view of the number of new members joining the board in 2021/22, a leadership development consultant was commissioned to facilitate a board development programme to:

- help develop a renewed board capable of creating a culture for and overseeing the delivery of an ambitious change programme
- ensure that the board can, at a time of significant change, ensure NICE delivers its core guidance and advice products and is responsive to stakeholder needs
- develop a shared and enduring sense of purpose across all board members to enable open discussion, constructive challenge and insightful support for the organisation and its staff as it transforms.

An initial session was held with the non-executives in 2021, but work with the full board was deferred to 2022/23 due to the COVID pandemic restricting an ability to meet in person.

Board committees

To help the board fulfil its duties, it is supported by 2 committees – the audit and risk committee and the remuneration committee.

Audit and risk committee

The committee members during 2021/22 were:

Dr Rima Makarem

Non-executive director and committee chair (until 31/07/21)

Tom Wright CBE

Non-executive director and committee chair (01/08/21 to 31/03/22)

Alina Lourie

Non-executive director

Dame Elaine Inglesby-Burke DBE

Non-executive director

Dr Mark Chakravarty

Non-executive director

Dr Justin Whatling

Non-executive director

Amanda Gibbon

External member

The audit and risk committee meets quarterly and has formally agreed terms of reference which are reviewed annually. It reports independently to the board on: the adequacy of NICE's governance arrangements; assurance and the risk management framework and the associated control environment; oversight of the financial reporting process; the operation of the declarations of interest policy; and all types of fraud, and whistle-blowing arrangements. The audit and risk committee also agrees the annual internal audit plan.

During the 2021/22 financial year, internal audit services were provided by the Government Internal Audit Agency (GIAA). The GIAA team operates to Public Sector Internal Audit Standards and the internal audit plan included the following reviews, the outcomes and key findings of which are being addressed by senior management and their teams:

Audit	Areas reviewed	Assurance rating
Risk management	<ul style="list-style-type: none"> Clarity of strategic and operational risks Ensuring risk management is embedded as part of NICE's decision making Understanding of risk appetite and whether this is used in decision making about responses to strategic challenges and opportunities Escalating and de-escalating risks between strategic and operational risk registers. 	Moderate
Key financial controls	<ul style="list-style-type: none"> Checking the information and guidance for budget holders and ensuring they understand their responsibilities Confirming the adequacy and effectiveness of the key controls for accounts payable and receivable Reviewing the approval processes for procurement and payments against the delegated authority schedule Reviewing the processes devised for reimbursing home working expenses incurred by staff during the COVID-19 pandemic Assessing the processes and approval of adjustments relating to the monthly payroll. Reviewing reconciliations performed following payroll runs Reviewing capital accounting processes and the identification of potential future capital expenditure Reviewing specific areas of the Standing Financial Instructions. 	Moderate
Business continuity planning	<ul style="list-style-type: none"> Reviewing governance arrangements, including accountability, ownership, and ongoing roles and responsibilities of teams and individuals; Checking overarching policies, procedures and BC plans and arrangements; Ensuring plans and schedules for BCP testing are in place including plans for IT resilience; Confirming the approach to lessons learnt and continuous improvement 	Limited
Real-World data management	<ul style="list-style-type: none"> Governance arrangements around the use of real-world data, including policy and guidance documents and decision making; Arrangements for developing and establishing data quality expectations and requirements; Governance around arrangements with third parties e.g., clarity of roles and responsibilities, formulation of risks and benefit sharing 	Moderate
Recruitment systems and processes	<ul style="list-style-type: none"> The controls within the Trac recruitment system to ensure effective and efficient recruitment and to safeguard personal information The use of agencies to recruit to hard to fill posts Monitoring and reporting of NICE's approved establishment to ensure that recruitment is only made to confirmed vacant posts Procedures, roles and responsibilities for recruitment across NICE, in particular the split of responsibilities between recruiting managers and the HR Recruitment Team 	Moderate

KPMG undertook an audit of NICE's Data Security and Protection Toolkit submission. This received an opinion of substantial assurance rating for the DSPT with minor improvement opportunities.

The internal auditor gave an overall opinion of moderate assurance for the year.

Areas of particular focus for the audit and risk committee in 2021/22 were:

- A review of the strategic risk register at every meeting and to hear from the chief executive about the current risks facing NICE and any emerging risks. This provided the opportunity for debate about the mitigations and any action being taken to address the highest rated risks.
- Each meeting agenda included a 'deep dive' risk presentation which allowed the committee to scrutinise risk management arrangements, test assurances, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Topics covered in the year were:
 - » A review of NICE's cyber security arrangements including how incidents had been responded to, mandatory training and regular phishing campaigns to raise staff awareness, purchase of additional ransomware protection and development of business continuity plans.
 - » People and capacity given there had been a number of changes and vacancies in leadership roles at a time when there were higher levels of sickness absence. The executive team undertook a review of the business plan priorities and agreed to pause some work to provide capacity and help manage the workload pressures.
 - » Data analytics and the critical importance of 'data' to the delivery of NICE's strategic plan, noting how complex and challenging the data sharing environment was, but the team was working in partnership with NHS Digital to access data needed to support decision making and the transformation of NICE guidance.
 - » A transfer of staff into NICE from the National Collaborating Centres under TUPE regulations. The committee discussed the risks and opportunities presented by the transfer of ca 80 staff into NICE.
- A substantial review of Standing Orders and Standing Financial Instructions which were comprehensively updated to help streamline operational decision making and delegations.
- Monitoring the financial accounting performance, including the financial controls and reporting processes in place.
- The committee reviewed the effectiveness of its own performance, an exercise which was facilitated by the National Audit Office and reviewed its terms of reference.

Additionally, the committee received reports from internal and external audit and reviewed annual assurance reports on information governance, cyber security and resilience, management of complaints and compliance with the Government functional standard for counter fraud.

Remuneration committee

The committee members during 2021/22 were:

Sharmila Nebhrajani OBE
Chairman and committee chair

Dame Elaine Inglesby-Burke DBE
Non-executive director

Professor Tim Irish
Non-executive director (01/04/21
to 31/10/21)

Jackie Fielding*
Non-executive director

Dr Rima Makarem
Non-executive director (01/04/21
to 31/07/21)

Professor Gary Ford CBE*
Non-executive director

* formally became committee members on 1 August 2021

The remuneration committee met 5 times in 2021/22. It approved the salaries for senior roles within its remit including appointments to the executive team and other staff whose salary exceeded £100k per year (pro rata); it agreed which members of the executive team should receive non-consolidated performance related pay awards for 2020/21 within the framework set by the Department of Health and Social Care; and reviewed the outcome of the talent management and succession planning exercise for the executive team and their direct reports.

Accountability to the Department of Health and Social Care

Annual accountability meetings are held between NICE's chief executive and chairman and the sponsoring minister at the Department of Health and Social Care (DHSC).

In addition, quarterly accountability meetings take place between our sponsor team at the DHSC, members of NICE's executive team and NICE's chairman.

Register of interests

A register of interests is maintained to record declarations of interests of the board members, the executive team and all other staff. The register includes details of all directorships and other relevant and material interests which relate to NICE's work, as required by our Standing Orders and policy on declaring and managing interests.

Board members and employees are required to reconfirm their declared interests annually, in addition to declaring any changes in-year as they arise. At the start of each board meeting, the board and executive team members confirm the register is up to date and they don't have any conflicts relating to the items on the agenda.

NICE also has a separate policy on declaring and managing interests for its advisory committee members.

Both policies and the register of interests of board members and the executive team can be found on the [NICE website](#).

In May 2022, the audit and risk committee was advised of one breach of the declaration of interests policy which had been identified and reported during 2021/22. It related to two expert panel members, one who had been an author and one a reviewer, on a paper which had been included as a reference document to a guideline committee but was not included in the evidence base used to draft recommendations. Therefore, the committee chair concluded the panel members had not been conflicted in their assessment of the evidence.

Information on transactions with organisations with which our directors are connected are detailed in the Related Parties note in the annual report and accounts.

The risk and control framework

System of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NICE's aims and objectives. The system of internal control has been in place at NICE for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a continuous process designed to identify and prioritise the risks to the achievement of organisational aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. The annual internal audit programme is designed to systematically review different areas of the business and provide assurance to the executive team and the audit and risk committee that any identified weaknesses in controls, are addressed and strengthened.

Risk management framework

The board determines the risk appetite and sets the culture of risk management within NICE. The board has ultimate responsibility for risk management within NICE including major decisions affecting NICE's risk profile or exposure. The consideration of risk includes operational, financial and people issues, NICE's reputation, stakeholder interests, ministerial interests and other aspects of relationships both inside and outside of government.

The audit and risk committee provides an independent and objective view of the arrangements for the management of risk. It advises the board on the co-ordination and prioritisation of risk management across NICE and advises the board on the effectiveness of the internal control system.

NICE's risk management policy was reviewed in February 2022 and approved by the board in March 2022. The review was in response to recommendations made in an internal audit review of risk management arrangements. It also took account of the government's Orange book 'Risk management – principles and concepts'.

The policy defines risk, outlines roles and responsibilities for managing risks and explains how risks are categorised, assessed, escalated and de-escalated. It uses a 5x5 risk scoring matrix in line with current best practice. The policy outlines NICE's risk appetite – the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions.

The internal audit review recommended risk management training for executive team members and senior managers. A training session for 15 delegates took place in April facilitated by the Institute of Risk Management.

Annually at the start of each financial year, the executive team identifies the strategic risks to NICE achieving its agreed objectives, as defined in the five-year strategic plan and the annual business plan. The strategic risk register is dynamic, and risks are continually assessed in the context of NICE's current strategies and external events. The executive team formally reviews the risk register 6 times

a year. This review takes account of the ongoing identification and evaluation of risks by directors and considers handling strategies and required policies to support the process of improving internal controls. In doing so, directors consider the resources available, the complexity of the task, external factors that may impact on NICE's work and the level of engagement required with partners and stakeholders.

The audit and risk committee reviews the strategic risk register at each of its quarterly meetings where it challenges and scrutinises the operation of the risk management process and reports to the board on its effectiveness.

Directors, in conjunction with their senior teams, are responsible for ensuring risks in their centre/directorate are identified, assessed and entered into an operational risk register which is monitored by the operational management committee (OMC). The OMC reviews the operational risks bi-monthly and escalates risks that are increasing in threat level, to the executive team for considering their inclusion in the strategic risk register.

Additionally, programme and project risk registers are in place to track risks to delivery in areas such as the transformation programme.

Directors are required to include a risk assessment in executive team and board reports where there is a substantive new development proposed or substantive change to existing activities.

Principal risks facing NICE

In 2022/23 NICE will continue to focus on delivering the priorities set out in its 5-year strategy. The executive team has assessed the key risks to achieving the priorities as:

- **Influence and impact** – ensuring NICE is able to actively draw in the most cutting-edge improvements in care, rapidly and robustly translating these into useful and usable advice and influencing the system to adopt the best possible care for people and patients.
- **Transformation** – successfully transforming the way NICE works across the areas of technology, processes and behaviours.
- **Cyber security** – which remains a continuing risk for all organisations as cyber criminals become more sophisticated in their attempts to attack businesses.

Information governance

We adopt a risk-based approach to information governance (IG), aligned to official guidance from relevant bodies, notably the Information Commissioner's Office and NHS Digital. Board-level responsibility for the management of information risk rests with the director of Finance, Strategy and Transformation who is the Senior Information Risk Owner (SIRO). NICE has nominated the head of information governance and records management as its Data Protection Officer (DPO), with the responsibilities outlined in the UK General Data Protection Regulation (GDPR).

Information risks are considered as part of the risk assessment process, and any such risks reported to the executive team and audit and risk committee accordingly. Policies and procedures for managing the security of personal data are reviewed by an internal information governance steering group in light of best practice guidance and relevant standards. The group is chaired by the SIRO and includes the Information Asset Owners in each centre and directorate. NICE also

has an appointed Caldicott Guardian, who is responsible for ensuring any patient data is used legally and managed confidentially.

All employees are required to complete annual IG training using a bespoke online training package. The Information Governance Steering Group receives performance data on training compliance. Additionally, members of the board are required to complete the training.

The audit and risk committee reviews the IG arrangements at least annually, when it receives a comprehensive annual review which provides assurance around NICE's compliance with all the mandatory sections of the Data Security and Protection Toolkit, and other aspects of IG including the policies and procedures in place to manage subject access requests, the completion of data protection impact assessments, responding to data breaches, assisting with developing data sharing agreements, and advising the organisation on records management.

The NICE corporate office retains a central log of all data breaches. There were no significant lapses in IG arrangements or serious incidents relating to personal data breaches in 2021/22.

In 2021/22, the IG team expanded to include records management (RM) posts whose remit includes ensuring compliance with the Public Records Act and the ongoing support and management of the implementation of SharePoint / Microsoft 365.

Counter fraud, bribery and corruption

During 2021/22, NICE made quarterly submissions to the DHSC Anti Fraud Unit in compliance with the government counter fraud functional standard GovS 013: counter fraud.

There were no losses due to fraud identified in 2021/22. All losses due to error were recovered in full. An informal assessment by the Anti Fraud Unit of our compliance with the functional standard identified 4 out of 12 areas for improvement which are being addressed. NICE's counter fraud, bribery and corruption strategy, policy and response plan was reviewed in March 2022 and approved by the audit and risk committee at its meeting in May 2022. The updated policy reflected some of the feedback from the informal review.

We remain active members of the DHSC's Anti Fraud Unit/ALB counter fraud network, which has arranged briefings for the health ALB counter fraud leads and will provide specialist expertise, if needed, to investigate suspected fraud at NICE.

Government functional standards

As with all other government departments and their arms length bodies, NICE was required to meet all the minimum elements of the government's functional standards by 31 March 2022, and where it could not meet the minimum requirements, to have a plan in place to show how it was going to take action to meet them in 2022/23.

We have self-assessed NICE as meeting the minimum elements in 5 of the 12 standards that are applicable to NICE, and meeting the majority of the minimum elements in 3 other standards. Further work is required to plan for meeting the minimum standards in the remaining 4 areas. We have agreed as part of our annual internal audit plan that the Government Internal Audit Agency will undertake an internal audit review of our self-assessments which will dip sample evidence provided by various teams as part of their self-assessments.

Work will continue in 2022/23 and beyond to comply with all the requirements of the functional standards that are applicable to NICE, as part of the Government's continuous improvement framework.

Whistleblowing

All staff are made aware of NICE's established whistleblowing policy as part of their induction programme. There were no whistleblowing cases in 2021/22.

To support the whistleblowing policy, NICE has 3 nominated Freedom To Speak Up (FTSU) Guardians, to whom staff can speak in confidence about any issue that concerns them at work. The FTSU Guardians hold drop-in sessions for any staff who have a concern to discuss. Details of the FTSU Guardian's role and drop-in sessions are published on the NICE intranet. The chair of the audit and risk committee oversees the whistleblowing policy and can be contacted if staff feel the initial reporting routes are not appropriate or have failed to resolve their concerns.

Significant internal control weaknesses

I can confirm that there were no significant weaknesses in NICE's system of internal controls in 2021/22 that affected the achievement of NICE's key aims and objectives.

On the basis of all the above I am satisfied that the systems of corporate governance and internal control are operating effectively.

Signed:



Dr Sam Roberts

Chief executive and Accounting officer

1 July 2022

Remuneration and Staff Report

The Remuneration and Staff Report provides details of the remuneration (including any non-cash remuneration) and pension interests of board members and the directors who regularly attend board meetings. The content of the tables are subject to audit.

Senior staff remuneration

The remuneration of the chairman and non-executive directors is set by the Secretary of State for Health and Social Care. The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care.

The remuneration of the chief executive and all executive senior managers (ESMs) is first subject to independent job evaluation and then approved by NICE's remuneration committee with additional governance oversight from the DHSC remuneration committee. Any salary in excess of £150,000 requires both Secretary of State and DHSC remuneration committee approval. The remuneration of the executives and senior managers is detailed in the table on p72 - 73.

Information on NICE's remuneration policy can be found on p69 and the membership of the remuneration committee can be found on p63 and has not been audited.

Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal called 'my contribution'. NICE is a designated body for the revalidation of medical staff and has implemented a robust appraisal and revalidation process for its medical workforce that complies with the guide for good medical practice and the General Medical Council's framework for medical appraisal and revalidation.

Summary and explanation of policy on duration of contracts, and notice periods and termination payments

Terms and conditions: chairman and non-executives

For chairman and non-executive directors of NICE the terms and conditions are laid out below.

Statutory basis for appointment

The chairman and non-executive directors of non-departmental public bodies (NDPBs) hold a statutory office under the Health and Social Care Act 2012. Their appointment does not create any contract of service or contract for services between them and the Secretary of State for Health and Social Care or between them and NICE.

Employment law

The appointments of the chairman and non-executive directors of NICE are not within the jurisdiction of employment tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

Reappointments

The chairman and non-executive directors are eligible for reappointment at the end of their period of office, but they have no right to be reappointed. DHSC will usually consider afresh the question of who should be appointed to the office.

Termination of appointment

A chairman or non-executive director may resign by giving notice in writing to the Secretary of State for Health and Social Care. Alternatively, their appointment will terminate on the date set out in their appointment letter unless terminated earlier in accordance with any of the grounds under paragraph 2 of schedule 16 to the Health and Social Care Act 2012, as follows:

- incapacity
- misbehaviour, or
- failure to carry out his or her duties as a non-executive director.

Remuneration

Under the Act, the chairman and non-executive directors are entitled to be remunerated by NICE for so long as they continue to hold office.

There is no need for provision in NICE's annual accounts for the early termination of any non-executive director's appointment.

Conflict of interest

The Code of Conduct for Board Members of Public Bodies published by the Cabinet Office applies to NDPB boards. The codes require chairs and board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register that is available to the public. Any changes should be declared as they arise.

Indemnity

NICE is empowered to indemnify the chairman and non-executive directors against personal liability they may incur in certain circumstances while carrying out their duties.

Terms and conditions: NICE executive team

Basis for appointment

All executive directors and other directors who are members of the executive team, are appointed on a permanent basis under a contract of service at an agreed annual salary with eligibility to claim allowances for travel and subsistence costs, at rates set by NICE, for expenses incurred on its behalf.

Termination of appointment

Directors who are members of the executive team have to give 3 months' notice. There is no need for provision for compensation included in NICE's annual accounts for the early termination of any executive director's contract of service in 2021/22.

Single total figure of remuneration – Board members’ and directors’ remuneration (subject to audit) (£000s)

5 bonuses were paid in 2021/22 (total £16k) and 2 bonuses paid in 2020/21 (total £10k).

- 1 Non-Executive Director until 31/10/2021. Full time equivalent salary £5-10K
- 2 Remuneration is paid to Northern Care Alliance
- 3 Non-Executive Director until 31/07/21. Full time equivalent salary £10-15K
- 4 Additional pay for Chair of Audit Committee role
- 5 Sir Bruce Keogh joined the board between 1 April 2021 and 31 July 2021. Full time equivalent salary was £10-15K
- 6 Professor Bee Wee joined the board on 1 December 2021. Full time equivalent salary was £5-10K and was paid to Oxford University Hospitals NHS Trust
- 7 Chief Executive until 28/01/22. Full time equivalent salary £190-195K
- 8 Chief Executive from 1 February 2022. Salary and pension benefits are reported for 2 months only. Full time equivalent salary on appointment was: £190-195K
- 9 Additional salary for part year as deputy chief executive until 1st February 2022. The supplement of between £10-15K, ceased on 1st February 2022
- 10 Acting up from 1 March 2022. Salary and pension benefits reported for 1 month only. Full time equivalent salary whilst acting up (per agreement) was £110-115K
- 11 Acting up from 1 March 2022. Salary and pension benefits reported for 1 month only. Full time equivalent salary whilst acting up (per agreement) was £105-110K
- 12 Dr Felix Greaves full time equivalent (FTE) salary is in the range 135K to 140K. He currently functions as 0.9 of a FTE
- 13 Nicole Gee joined NICE on 30/08/21 and is a contractor. Her costs represent the gross basic pay she has received in post exclusive of VAT. Her full time equivalent salary was £165-170K
- 14 Left 20/08/21
- 15 Left 30/06/20
- 16 Left 08/11/20

Name	Title
Sharmila Nebhrajani OBE	Chairman
Professor Timothy Irish ¹	Non-Executive Director
Dame Elaine Inglesby-Burke DBE ²	Non Executive Director
Dr Rima Makarem ³	Non Executive Director, ARC Chair
Tom Wright CBE ⁴	Non Executive Director, ARC Chair
Sir Bruce Keogh ⁵	Non Executive Director
Dr Mark Chakravarty	Non Executive Director
Jackie Fielding	Non Executive Director
Professor Gary Ford	Non Executive Director
Alina Lourie	Non Executive Director
Dr Justin Whatling	Non Executive Director
Professor Bee Wee ⁶	Non Executive Director
Professor Gillian Leng CBE, MD ⁷	Chief Executive
Dr Sam Roberts ⁸	Chief Executive
Meindert Boysen ⁹	Deputy Chief Executive & Director, Centre for Health Technology Evaluation
Helen Knight ¹⁰	Interim Acting Director, Medicines
Jeanette Kusel ¹¹	Interim Acting Director, Medtech
Jennifer Howells	Director, Finance, Strategy & Transformation
Alexia Tonnel	Director, Digital, Information and Technology
Dr Paul Chrisp	Director, Centre for Guidelines
Jane Gizbert	Director, Communications
Dr Felix Greaves ¹²	Director, Science, Evidence and Analytics
Dr Judith Richardson	Acting Director, Health and Social Care
Nicole Gee ¹³	Interim - Chief People Office
Professor Martin Cowie ¹⁴	Non Executive Director
Ben Bennett ¹⁵	Director, Business Planning and Resources
Catherine Wilkinson ¹⁶	Acting Director, Business Planning and Resources

Per direction from the DHSC in August 2021, Arm’s Length Bodies can use 2% of their Executive and Senior Managers (ESM) pay bill for non-consolidated awards for performance.

The CEO in 21/22 made recommendations to the Remuneration Committee that awarded bonuses on the basis of performance to the ESMs in the above table for those who were eligible.

2021-22

Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits to nearest £1,000	TOTAL (bands of £5,000)
£000	£	£000	£000	£000
70 to 75	Nil	Nil	Nil	70 to 75
0 to 5	Nil	Nil	Nil	0 to 5
5 to 10	Nil	Nil	Nil	5 to 10
0 to 5	Nil	Nil	Nil	0 to 5
10 to 15	Nil	Nil	Nil	10 to 15
0 to 5	Nil	Nil	Nil	0 to 5
5 to 10	Nil	Nil	Nil	5 to 10
5 to 10	Nil	Nil	Nil	5 to 10
5 to 10	Nil	Nil	Nil	5 to 10
5 to 10	Nil	Nil	Nil	5 to 10
5 to 10	Nil	Nil	Nil	5 to 10
0 to 5	Nil	Nil	Nil	0 to 5
175 to 180	Nil	Nil	(1)	175 to 180
30 to 35	Nil	Nil	9	40 to 45
120 to 125	Nil	5 to 10	5	135 to 140
5 to 10	Nil	Nil	4	10 to 15
5 to 10	Nil	Nil	2	10 to 15
130 to 135	Nil	0 to 5	42	170 to 175
125 to 130	Nil	0 to 5	32	155 to 160
125 to 130	Nil	5 to 10	31	160 to 165
115 to 120	Nil	0 to 5	21	135 to 140
120 to 125	Nil	Nil	19	140 to 145
145 to 150	Nil	Nil	44	190 to 195
90 to 95	Nil	Nil	Nil	90 to 95
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil

2020-21

Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits to nearest £1,000	TOTAL (bands of £5,000)
£000	£	£000	£000	£000
60 to 65	Nil	Nil	Nil	60 to 65
15 to 20	Nil	Nil	Nil	15 to 20
5 to 10	Nil	Nil	Nil	5 to 10
10 to 15	Nil	Nil	Nil	10 to 15
5 to 10	Nil	Nil	Nil	5 to 10
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
190 to 195	Nil	Nil	244	435 to 440
Nil	Nil	Nil	Nil	Nil
130 to 135	Nil	Nil	81	210 to 215
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
75 to 80	Nil	Nil	21	95 to 100
125 to 130	Nil	0 to 5	33	160 to 165
125 to 130	Nil	5 to 10	48	175 to 180
115 to 120	Nil	Nil	37	155 to 160
55 to 60	Nil	Nil	13	65 to 70
140 to 145	Nil	Nil	94	235 to 240
Nil	Nil	Nil	Nil	Nil
0 to 5	Nil	Nil	Nil	0 to 5
35 to 40	Nil	Nil	Nil	35 to 40
50 to 55	2.2	Nil	75	125 to 130

Pension Benefits – Senior Management (Subject to audit)

Name	Title	Real increase / (decrease) in pension at pension age (bands of £2,500) £000	Real increase / (decrease) in pension lump sum at pension age (bands of £2,500) £000
Dr Sam Roberts ⁶	Chief Executive	0.0 to 2.5	Nil
Prof. Gillian Leng CBE ¹	Chief Executive	0.0 to 2.5	0.0 to 2.5
Meindert Boysen ⁸	Deputy Chief Executive & Director, Centre for Health Technology Evaluation	0.0 to 2.5	(2.5 to 5.0)
Helen Knight ⁷	Interim Acting Director, Medicines	0.0 to 2.5	0.0 to 2.5
Jeanette Kusel ⁷	Interim Acting Director, Medtech	0.0 to 2.5	Nil
Jennifer Howells	Director, Finance, Strategy and Transformation	2.5 to 5.0	Nil
Alexia Tonnel ²	Director, Digital Information and Technology	2.5 to 5.0	Nil
Dr Paul Chrisp ²	Director, Centre for Guidelines	0.0 to 2.5	Nil
Jane Gizbert ²	Director, Communications	0.0 to 2.5	Nil
Dr Felix Greaves ³	Director, Science, Evidence and Analytics	0.0 to 2.5	Nil
Dr Judith Richardson ⁴	Acting Director, Health and Social Care	2.5 to 5.0	5.0 to 7.5
Nicole Gee ⁵	Chief People Officer	N/A	N/A

1 No CETV is disclosed as member over usual retirement age at 31 March 2022

2 No lump sum for senior managers who only have membership in the 2008 Section of the NHS Pension Scheme

3 Re-joined NHS Pension at appointment on 1 September 2021. All previous service has been transferred out to another pension provider in previous role.

4 Acting Director, Health and Social care from 1 April 2020

5 Not a member of the NHS Pension Scheme

6 In post from 1st February 2022

7 Acting up from 1st March 2022

8 Deputy chief executive until 1st February 2022

There is no CETV (cash equivalent transfer value) for those members who are over the age of 60 (1995 Section of the NHS Pension Scheme) and members over 65 (2008 Section).

Total accrued pension at pension age at 31 March 2022 £000	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2021 £000	Real increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2022 £000
10 to 15	Nil	127	6	139
75 to 80	235 to 240	1,630	N/A	Nil
30 to 35	50 to 55	568	3	591
15 to 20	20 to 25	248	2	251
0 to 5	Nil	37	0	38
50 to 55	40 to 45	684	27	725
20 to 25	Nil	265	18	303
25 to 30	Nil	389	27	436
25 to 30	Nil	455	29	504
0 to 5	Nil	10	1	27
50 to 55	150 to 155	1,178	70	1,275
N/A	N/A	N/A	N/A	N/A

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by NICE and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICE and treated by HM Revenue and Customs as taxable. The acting director, Business Planning and Resources received a lease car and childcare vouchers under salary sacrifice arrangements.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension because of inflation and contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement), and uses common market valuation factors for the start and end of the period.

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director / member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The banded remuneration of the highest-paid director in NICE in the financial year 2021/22 was £190k-£195k (2020/21: £190k-£195k) this was a 0% change year on year. The mean salary percentage change for employees of NICE (excluding the highest paid director) was 3.8% in 21/22.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The relationship to the remuneration of the organisation's workforce is disclosed in the below table:

	Lower Quartile (25th percentile)	Median Pay	Higher Quartile (75th Percentile) Pay
2021/22			
Total remuneration (£)	40,057	47,126	54,764
Salary component of total remuneration (£)	40,057	47,126	54,764
Pay ratio information	4.81	4.08	3.52
2020/21			
Total remuneration (£)	38,890	44,780	53,168
Salary component of total remuneration (£)	38,890	44,780	53,168
Pay ratio information	4.95	4.30	3.62

In 2021-22, no employees (2020-21: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £18k to £192k (2020/21: £14k to £193k).

Other information about pay includes:

- As can be seen from the table above, the lower quartile and median pay for employees has increased compared to the higher quartile. Therefore, the reduction in the median pay ratio from 4.30 in 20/21 to 4.08 in 21/22 is attributable to a change in the pay and benefits of the entity's employees taken as a whole.
- All eligible executive senior managers received a 1% inflationary pay award.
- 5 bonuses were made during 2021/22. These payments all relate to board related performance (detail to be found on p72 - 73). Total remuneration includes bonuses paid. Performance pay bonuses decreased by 32.75% per whole time equivalent from 4.8K in 20/21 to 3.2K in 21/22.
- Incremental pay progression was applied, under NHS Terms and Conditions of Service.
- Average staff numbers have increased from 672 in 2020/21 to 723 in 2021/22; the cost and composition of permanent and other staff can be seen in the tables below.

Staff numbers and related costs (subject to audit)

	2021/22			2020/21		
	Permanently employed £000	Other £000	2021/22 Total £000	Permanently employed £000	Other £000	2020/21 Total £000
Salaries and wages	35,490	850	36,340	32,145	742	32,887
Social security costs	4,011	0	4,011	3,569	0	3,569
Employer contributions to NHSPA	6,945	0	6,945	6,274	0	6,274
Apprentice Levy	164	0	164	146	0	146
Termination Benefits	30	0	30	103	0	103
	46,640	850	47,490	42,237	742	42,979
Less recoveries in respect of outward secondments	(215)	0	(215)	(44)	0	(44)
Total net costs	46,425	850	47,275	42,193	742	42,935

Average number of persons employed

The average number of whole-time equivalent persons employed (excluding Non-Executive Directors) during the year was as follows:

	Permanently employed staff	Other	2021/22 Total	2020/21 Total
Directly employed	717	6	723	672

Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”.

An outline of these follows:

a. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b. Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

For 2021/22, employers' contributions were payable to the NHS Pension Scheme at the rate of 20.68%. These costs are shown in the NHS pension line of the staff numbers and related costs table on p78.

The NHS Pension Scheme provides defined benefits, which are summarised below. This is an illustrative guide only, and is not intended to detail all the benefits provided by the schemes or the specific conditions that must be met before these benefits can be obtained.

Feature or benefit	NHS Staff Practice and Approved Employer Staff	
	1995	2008
Scheme	1995	2008
Member contributions		
Type of scheme	Final salary based on the best of the last 3 years' pensionable pay	Final salary based on the average of the best 3 consecutive years within the last 10 years
Pension	A pension worth 1/80th of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60 of reckonable pay per year and pro rata for any part year of membership
Retirement lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum
Normal pension age (NPA)	60 (55 for Special Class/MHO)	65
Maximum age	75	75
Maximum membership	Non Special Class/MHO 45 years in total. Special Class/MHO 40 years at age 55 & 45 years overall	45 years
Minimum pension age	Age 50 if joined pre 6/4/20 06 and not had a break of 5 years or more, otherwise age 55	Age 55
Actuarially reduced early retirement	Yes	Yes
Late retirement	No late retirement factors applied	Late retirement factors applied to pension earned before age 65
Pensionable reemployment following payment of pension	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible
Partial retirement	No	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up benefits paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

Details can be found on the pension scheme website at www.nhsbsa.nhs.uk/pensions.

Practitioners NHS Medical and Ophthalmic Practitioners		All NHS workers and Approved Employer Staff	
1995	2008	2015	
	Tiered contribution rates		
Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Career average re-valued earnings based on a proportion of pensionable earnings in each year of membership	
A pension based on 1.4% of total uprated earnings	A pension based on 1.87% of total uprated earnings	A pension worth 1/54th of each year's pensionable earnings, revalued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % while in active membership	
3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value	
60	65	Equal to an individual's state pension age or age 65 if that is later.	
75	75	75	
	45 years	No limit	
Age 50 if joined pre 6/4/20 06 and not had a break of 5 years or more, otherwise age 55	Age 55	Age 55	
Yes	Yes	Yes	
No late retirement factors applied	Late retirement factors applied to pension earned before Age 65	Late retirement factors applied to all pension earned until retirement	
Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Yes if eligible	
No	Yes	Yes	
Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction	
Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 1/2 of prospective pension to NPA	
Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	

Pensions indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the 12 months ending 30 September in the previous calendar year.

Options to increase pension benefits

The NHS Pension Scheme provides different ways for members to increase their standard pension benefits. They are also able to contribute to money purchase additional voluntary contributions run by the scheme's approved providers.

Transfer of pension benefits

Scheme members have the option to transfer their pension into the NHS Pension Scheme providing they apply within 12 months of becoming eligible to join. Should they leave pensionable employment or decide to opt out of the NHS Pension Scheme they are able to transfer their accrued benefits out of the scheme to another pension provider.

Preserved benefits

Where a scheme member ceases NHS employment with more than 2 years' service they can preserve their accrued NHS pension for payment when they reach retirement age.

Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired on ill-health grounds during the year. There were no retirements due to ill health during 2021/22. Ill health retirement costs are met by the NHS Pensions Scheme (2020/21: 0 retirements at £0k).

Redundancies and terminations

During 2021/22 there were 5 redundancies/terminations totalling £240k (2020/21: 1 case at £103k).

Exit packages (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages	Total cost of exit packages £000s
Less than £10,000	1 (0)	3 (0)	1 (1)	6 (5)	2 (1)	9 (5)
£10,000-£25,000	2 (0)	30 (0)	0	0	2 (0)	30 (0)
£25,001-£50,000	1 (0)	47 (0)	0	0	1 (0)	47 (0)
£50,001-£100,000	0	0	0	0	0	0
£100,001-£150,000	0 (1)	0 (103)	0	0	0 (1)	0 (103)
£150,001-£200,000	1 (0)	160 (0)	0	0	1 (0)	160 (0)
More than £200,000	0	0	0	0	0	0
Totals	5 (1)	240 (103)	1 (1)	6 (5)	6 (2)	246 (108)

Figures in brackets are 2020/21.

There were no special payments agreed for any of the departures.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme.

Exit costs in this note are accounted for in full in the year of departure. Where NICE has agreed early retirements, the additional costs are met by NICE and not by the NHS Pension Scheme. This disclosure reports the number and value of exit packages agreed within the year.

Note: the expenses associated with these departures may have been recognised in part or in full in a previous period.

Analysis of other departures

	Number of agreements	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirement in the efficiency of service contractual costs	0	0
Contractual payments in lieu of notice ¹	1	6
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval ²	0	0
	1	6

As a single exit package can be made up of several components each of which will be counted separately in this note, the total number of departures will not necessarily match the total number of exit packages.

- 1** Any non-contractual payments in lieu of notice are disclosed under 'non-contractual payments requiring HMT approval' below.
- 2** Includes any non-contractual severance payment following judicial mediation and £ relating to non-contractual payments in lieu of notice.

There were no non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary in 21/22.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that report.

Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related regulations to ensure that staff and visitors enjoy the benefits of a safe environment. There were 4 accidents and one incident reported during the year. These were reviewed and appropriate action was taken. There were no days lost because of injury at work during 2021/22.

Employee consultation

NICE is committed to consulting and communicating effectively with employees. NICE has policies in place to ensure that, for all changes that affect the organisation there is open, honest and consistent 2-way consultation with UNISON and staff representatives. Information about proposed change, its implications and potential benefits are communicated clearly to all affected staff, who are encouraged to contribute their own ideas and to voice any concerns with their managers. Also, all policy development for employment policies is carried out in partnership with trade union representatives at NICE. We believe that communication with employees is essential, and keep employees updated and informed via the weekly NICE newsletter. Monthly staff meetings are held which are chaired by the chief executive to enable high levels of communication and consultation.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
14	13.9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	14
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

	<u>Cost / Percentage</u>
Total cost of facility time	£36,373
Total pay bill	£46,445,570
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 10	0.08%

Paid trade union activities

	<u>Percentage</u>
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0.00%

Equality and diversity

NICE is committed to equality of opportunity for both current and prospective employees, and in the recruitment of committee and group members. Everyone who works for NICE, applies to work at NICE or applies to join a committee or group is treated fairly and valued equally.

NICE has a single equality scheme covering all protected characteristics. NICE complies with legislation and statutory codes of practice that relate to equality and diversity. All workers are treated fairly and equally regardless of age, disability, race, religion or belief, gender, marriage or civil partnership, pregnancy and maternity, sexual orientation or gender reassignment.

To ensure equal opportunities for disabled employees, NICE is committed to making reasonable adjustments to working conditions or to the physical working environment where this would help overcome the practical effects of a disability. NICE provides support to enable workers with a disability to participate fully in meetings and training courses. NICE also offers an interview to all disabled applicants who meet the essential shortlisting criteria for a post in accordance with the Employment Services 'disability confident' scheme, and makes reasonable adjustments to the recruitment process where requested and where practical.

All employee data is collated and recorded and NICE ensures it is accurate and up to date in accordance with the Equality Act 2010. The equality data of the NICE workforce is reported on an annual basis. In November 2020, our board approved a new suite of organisational workforce equality objectives. Our Annual Equality Report for 2021-22 included a progress report against these objectives, as well as our WRES (NHS Workforce Race Equality Standard) and WDES (NHS Workforce Disability Equality Standard) data for the period 2020-21.

We have developed an action plan for year 2 of our organisational workforce objectives, which also includes areas of improvement identified in the WRES and WDES data. The areas of focus include: recruitment; developing an EDI training and development offer; improving equality data; and the design and delivery of development offers for black, Asian and other minority ethnic staff who wish to progress.

We are committed to building staff voice into everything we do, and we have 3 staff led Staff Networks: the Race Equality Network, the Disability Advocacy and Wellbeing Network, and NICE and proud (for LGBTQ+ staff). The Networks have inputted into our Year 2 Action plan. We will continue to solicit input from our staff networks and those with lived experience, wherever possible.

Our commitment to equality and diversity is also found in the intranet resources available for all staff, which provide links to legislation, policy and useful guidance.

The NICE Annual Equality Report 2020-21, which speaks to our Public Sector Equality Duty responsibilities, can be accessed via the following link: <https://www.nice.org.uk/about/who-we-are/policies-and-procedures/nice-equality-scheme>.

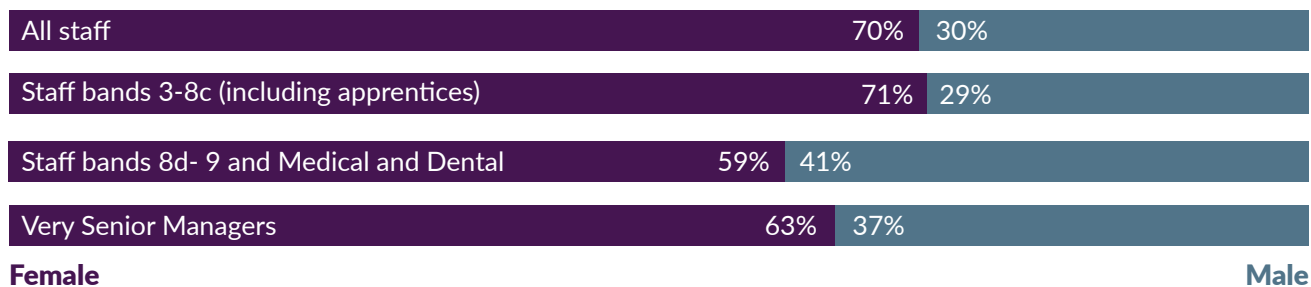
The report contains our most up-to-date data regarding under-represented groups, as well as the steps we are taking to identify barriers and address our challenges.

Staff composition

NICE employs 77 staff at a grade equivalent to senior civil servants of which 71 are at band 8d, band 9 or engaged on Medical & Dental terms and conditions; and 6 are on the Very Senior Manager (VSM) payscale.

NICE's workforce is 69.85% female and 30.15% male. Our staff composition by salary band is shown in the figure below.

Staff composition by gender to nearest whole %



Gender pay gap

A pay gap is common in many organisations, the reasons for which are complex. NICE's gender pay gap as at 31 March 2022 is below the national average at 7.6% (national average – 15.4%), and our average gender pay gap for bonuses favours females. We have a positive approach to family friendly policies and practices and continually seek opportunities to further enhance flexible working opportunities. We know there is more we can do, and we have recently developed a comprehensive equality, diversity and inclusion action plan and will be launching a female leaders network. Our progress is under regular review by our executive team and board diversity sponsors.

Sickness absence

During the period January to December 2021, the number of days lost as a result of sickness by full-time equivalent employees was 4.38 days, or 1.98% (2020: 1.8%)

Effectiveness of whistleblowing arrangements

The Whistleblowing Policy is due for review in 2022. We continue to increase communication with staff about whistleblowing, to raise the profile and understanding of the policy. This includes regular reviews of the information for staff held on the NICE Intranet site NICE Space. There were no reported cases whistleblowing at NICE in 2021/22.

Review of tax arrangements of public sector appointees – off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, NICE must publish information about off-payroll engagements.

Off-payroll engagement longer than 6 months

For all off-payroll engagements as of 31 March 2022, for more than £245 per day

Number of existing engagements as of 31 March 2022	6
Of which...	
Have existed for less than 1 year at time of reporting	6
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	0
Have existed for 4 or more years at time of reporting	0

New Off-payroll engagements

For all new off-payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 per day

Number of temporary off-payroll workers engaged between 1 April 2021 and 31 March 2022	10
Of which...	
Number not subject to off-payroll legislation	9
Number subject to off-payroll legislation and determined as in-scope of IR35	0
Number subject to off-payroll legislation and determined as out of scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	4
Number of engagements that saw a change to IR35 status following review	0

Off-payroll board members / senior official engagements

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagements of board members, and / or senior officials with significant financial responsibility, during the financial year	0
Total number of individuals that have been deemed 'board members and / or senior officials with significant financial responsibility', during the financial year. This figure must include both on-payroll and off-payroll engagements	3

Expenditure on consultancy

During the year NICE spent £1.8M on consultancy, to facilitate the improvement of our digital workplace through the Digital Workplace Programme, and to advise and promote workforce, organisational and cultural change. (£446k in 2020-21).

Parliamentary Accountability and Audit Report

The purpose of the Parliamentary Accountability and Audit Report is to bring together the key Parliamentary accountability documents within the Annual Report and Accounts, much of this has historically formed part of the Financial Statements.

It is comprised of:

- losses and special payments, remote contingent liabilities, gifts or any other significant payments; and
- Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.

The information in this section of the report is subject to audit.

Losses and special payments

NICE did not have any losses or special payments that meet the disclosure requirements (2020/21: none).

Fees and charges

The following table provides an analysis of charging for technology appraisals and highly specialised technologies:

Charging activity	Income £000	Full cost £000	Deficit £000
2021/22	(8,576)	11,475	2,899
2020/21	(7,035)	10,711	3,676

Fees are made in accordance with UK Statutory Instrument 2018 No.1322 to cover the cost of producing technology appraisals and highly specialised technologies. The regulations and fees came into effect on 1 April 2019. Fees are set to recover the full cost incurred, other than a 75% discount for small companies which is subsidised by NICE through the grant-in-aid funding from DHSC. The full cost relating to chargeable activities includes predominantly staff costs but also other costs including committee meetings and overheads.

It was expected that the programme would achieve full cost recovery in 2021/22. However, due to the impact of the COVID-19 pandemic we paused activity on some topics which reduced the income recognised during the year. The deficit is funded through grant-in-aid. In future years, the programme is expected to recover all of its cost through fees charges, apart from the discount for small companies which will continue to be funded through grant-in-aid.

Remote contingent liabilities

As at 31 March 2022, NICE had no remote contingent liabilities (2020/21: none).

Gifts

NICE did not have any gifts or other significant payments that meet the disclosure requirements (2020/21: none).

Signed:



Dr Sam Roberts

Chief executive and Accounting officer

1 July 2022

The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Institute for Health and Care Excellence for the year ended 31 March 2022 under the Health and Social Care Act 2012.

The financial statements comprise the National Institute for Health and Care Excellence's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Institute for Health and Care Excellence affairs as at 31 March 2022 and its net comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Social Care Act 2012 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Institute for Health and Care Excellence in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Institute for Health and Care Excellence's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Institute for Health and Care Excellence's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the National Institute for Health and Care Excellence is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Health and Social Care Act 2012:

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Institute for Health and Care Excellence and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the National Institute for Health and Care Excellence or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Chief Executive for the financial statements

As explained more fully in the Statement of the Board's and chief executive's responsibilities, the board and Chief Executive are responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the National Institute for Health and Care Excellence's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by the National Institute for Health and Care Excellence will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2012.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Institute for Health and Care Excellence's accounting policies.
- Inquiring of management, the National Institute for Health and Care Excellence's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Institute for Health and Care Excellence's policies and procedures relating to:
 - » identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - » detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - » the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Institute for Health and Care Excellence's controls relating to the National Institute for Health and Care Excellence's compliance with the Health and Social Care Act 2012 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Institute for Health and Care Excellence for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and in common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Institute for Health and Care Excellence's framework of authority as well as other legal and regulatory frameworks in which the National Institute for Health and Care Excellence

operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Institute for Health and Care Excellence. The key laws and regulations I considered in this context included Health and Social Care Act 2012 and Managing Public Money, employment law, tax and pensions legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

7 July 2022

The first part of the document discusses the importance of maintaining accurate records in a laboratory setting. It emphasizes the need for clear labeling and consistent data entry to ensure the reliability of experimental results. The text also touches upon the ethical considerations of data handling and the potential consequences of negligence.

In the second section, the author details the specific procedures used in the study. This includes a description of the equipment used, the experimental design, and the methods for data collection and analysis. The goal is to provide a clear and replicable protocol for other researchers in the field.

The third section presents the results of the study. The data shows a significant correlation between the variables being tested, which supports the hypothesis. The author provides a detailed breakdown of the findings, including statistical analysis and graphical representations where applicable.

Finally, the document concludes with a discussion of the implications of the findings. It suggests that the results have broader applications in related areas of research and offers recommendations for future studies. The author acknowledges the limitations of the current study and expresses a commitment to ongoing research in this area.

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2022

	2021/22 Total £000	2020/21 Total £000	Notes to accounts
Revenue from contracts with customers	(18,255)	(16,320)	6
Other operating income	(2,717)	(2,955)	6
Total operating income	(20,972)	(19,275)	
Staff costs	47,490	42,979	5
Purchase of goods and services	27,095	25,851	3
Depreciation and impairment charges	270	499	3
Loss on disposal	0	44	3
Provision expense / (Release)	294	(354)	3
Total operating expenditure	75,149	69,019	
Net comprehensive expenditure for the year ended 31 March 2022	54,177	49,744	

There was no other comprehensive expenditure for the period ended 31st March 2022.

The notes at pages 104 to 124 form part of these accounts.

Statement of financial position as at 31 March 2022

	Total 31 March 22 £000	Total 31 March 21 £000	Notes to accounts
Non-current assets			
Property, plant and equipment	1,085	915	7
Intangible assets	4	19	7
Total non-current assets	1,089	934	
Current assets			
Trade and other receivables	3,201	3,291	8
Cash and cash equivalents	12,725	10,805	9
Total current assets	15,926	14,096	
Total assets	17,015	15,030	
Current liabilities			
Trade and other payables	(12,782)	(11,205)	10
Provisions	(277)	(290)	11
Total current liabilities	(13,059)	(11,495)	
Total assets less net current liabilities	3,956	3,535	
Non-current liabilities			
Provisions	(605)	(507)	11
Total non-current liabilities	(605)	(507)	
Total assets less total liabilities	3,351	3,028	
Taxpayers' equity			
General fund	3,351	3,028	
Total taxpayers' equity	3,351	3,028	

The notes at pages 104 to 124 form part of these accounts.

The financial statements were approved by the board and signed by:

Dr Sam Roberts
Chief executive and Accounting officer
1 July 2022

Statement of cash flows for the year ended 31 March 2022

	2021/22 Total £000	2020/21 Total £000	Notes to accounts
Cash flows from operating activities			
Net operating expenditure	(54,177)	(49,744)	
Adjustments for non-cash transactions	564	189	3
Decrease/(Increase) in trade and other receivables	90	(505)	8
Increase in trade and other payables	1,577	2,084	10
Trade Capital Creditor	(184)	0	10
Use of provisions	(209)	(196)	11
Net cash outflow from operating activities	(52,339)	(48,172)	
Cash flows from investing activities			
Purchase of property, plant and equipment	(241)	(361)	7
Purchase of intangible assets	0	(5)	7
Net cash outflow from investing activities	(241)	(366)	
Cash flows from financing activities			
Grant-in-aid	54,500	50,000	
Net increase in cash equivalents in the period	1,920	1,462	
Cash and cash equivalents at the beginning of the period	10,805	9,343	9
Cash and cash equivalents at the end of the period	12,725	10,805	9

The notes at pages 104 to 124 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2022

	General Fund ¹ £000
Balance at 31 March 2020	2,772
Changes in taxpayers' equity for 2020/21	
Grant in aid funding from DHSC	50,000
Comprehensive net expenditure for the year	(49,744)
Balance at 31 March 2021	3,028
Changes in taxpayers' equity for 2021/22	
Grant in aid funding from DHSC	54,500
Comprehensive net expenditure for the period	(54,177)
Balance at 31 March 2022	3,351

The notes at pages 104 to 124 form part of these accounts.

1 The General fund represents the net assets vested in NICE (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities and grant-in-aid funding provided. It also includes surpluses generated from commercial activities. Further information on these activities is described in note 2.

Notes to accounts

1. Accounting policies

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NICE for the purpose of giving a true and a fair view has been selected. The particular policies adopted by NICE are described below. They have been consistently applied in dealing with items that are considered material to the accounts.

1.1 Going concern

The going concern basis of accounting for NICE is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

The functions and purpose of NICE are delivered in accordance with the Health and Social Care Act 2012 and the Framework Agreement between the Department of Health and Social Care (DHSC) and NICE which sets out NICE's role to provide guidance and support to providers and commissioners to help them improve outcomes for people using the NHS, public health and social care services. NICE has no reason to assume that its current functions and purpose within the NHS, public health and social care services will not continue.

At the reporting date NICE had a net asset position and a strong cash position of £12.7m. NICE is mainly financed by grant-in-aid funding from DHSC. DHSC has confirmed that the funding of NICE will continue and next year's funding has been agreed. As an arms-length body sponsored by DHSC, NICE has no reason to assume that future funding will not be forthcoming. Our going concern assessment is made up to 30 June 2023. This includes the first quarter of the 2022/23 financial year. DHSC operating and financial guidance is not yet issued for that year, and so NICE has assumed that funding will continue beyond the 2022/23 financial year broadly in line with current levels and the NICE modelling of future cash flows demonstrates that the organisation will have sufficient available cash to meet needs for the period of our assessment. As an arms-length body of DHSC, interim financial support can be accessed from DHSC if it were required, but there is currently no such identified requirement.

NICE does not consider there to be any material estimation uncertainty over the valuation of assets and liabilities at the reporting date as disclosed within the financial statements. In conclusion, these factors, and the anticipated continuation of future provision of services in the public sector, support the NICE's adoption of the going concern basis for the preparation of the accounts.

1.2 Income

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- NICE does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- Similarly, NICE does not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires NICE to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue in respect of services provided is recognised when performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. Payment terms are standard reflecting cross government principles.

Operating income is income that relates directly to the operating activities of NICE. It principally comprises fees and charges for services provided on a full-cost basis to external customers, but it also includes other income such as that from the DHSC, the devolved administrations (Wales, Scotland and Northern Ireland), NHS England and Health Education England. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income.

NICE receives grants from other UK and overseas government departments, philanthropic organisations and development banks. On a monthly basis a work in progress calculation is completed according to contract dates with income being accrued or deferred in line with this calculation.

Other funding

The main source of funding for NICE is grant-in-aid funding from the DHSC, from Request for Resources within an approved cash limit, and is credited to the General Fund. Grant-in-aid funding is recognised in the financial period in which the cash is received. The 2022/23 NICE business plan has been approved by DHSC and details of indicative funding for the next financial year have been provided.

The value of the benefit received when NICE accesses funds from the Government's apprenticeship service is recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.3 Taxation

NICE is not liable to pay corporation tax and most activities are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.4 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.5 Non-current assets

A. Capitalisation

All assets falling into the following categories are capitalised:

- i. Intangible assets where they are capable of being used for more than 1 year and have a cost, individually or as a group, equal to or greater than £5,000.
- ii. Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred per license.
- iii. Property, plant and equipment assets which are capable of being used for more than 1 year, and which:
 - » Individually have a cost equal to or greater than £5,000
 - » collectively have a cost of at least £5,000, and an individual cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
 - » form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.
- iv. Desktop and laptop computers are not capitalised.

B. Valuation

Intangible assets

Intangible assets held for operational use are valued at amortised historical cost as a proxy for market value in existing use given the immaterial balance. The accounts are therefore materially consistent with the FReM. Surplus intangible assets are amortised and valued at the net recoverable amount.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition, and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

All property, plant and equipment (PPE) are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value. The carrying values of PPE assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasehold Improvement assets in the course of construction are valued at current cost. These assets include any assets under the control of a contractor.

C. Depreciation and amortisation

Depreciation is charged on each individual fixed asset as follows:

- i.** Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets :- 3-10 years
- ii.** Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives :- 3-10 years
- iii.** Assets under construction are not depreciated
- iv.** Leasehold improvements are depreciated over 10 years, except where the lease will not be renewed in which case it will be the remaining life of the lease.
- v.** Each equipment asset is depreciated evenly over the expected useful life:
 - » Furniture: 10 years.
 - » Office, information technology and other equipment: 3-5 years.

1.6 Financial instruments

NICE's financial assets are simple debt instruments held in order to collect contractual cash flows. NICE's material financial liabilities are trade payables and accruals. Under IFRS 9 financial instruments are measured at amortised cost.

1.7 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. Resulting exchange gains and losses are recognised in the period in which they arise.

1.8 Leases

All operating leases and the rentals are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease.

NICE has no finance leases.

Future payment commitments under operating leases are disclosed in Note 13. The accounting policy will be amended by IFRS 16 'Leases' adopted by the FReM with effect from 1 April 2022. The impact of the new standard has been disclosed in Note 1.13.

1.9 Provisions

Provisions are recognised when NICE has a present legal or constructive obligation as a result of a past event, it is probable that NICE will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

All general provisions are subject to different discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of 0.47% (2020/21: minus 0.02% in real terms) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.70% (2020/21: 0.18% in real terms) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.

1.10 Pensions

Past and present employees are covered by the provisions of the NHS Pensions Schemes. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

These schemes are unfunded defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to NICE of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time NICE commits itself to the retirement, regardless of the method of payment.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.11 Key areas of judgement and estimates

NICE has made estimates in relation to provisions, useful economic lives of its assets and depreciation and amortisation. These estimates were informed by legal opinion, specialist knowledge of managers and senior staff, and length of property leases.

1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of more than 24 hours. Cash equivalents are investments

that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The components that make up cash and cash equivalents are not analysed in the financial statements as NICE holds only cash.

1.13 Early adoption of standards, amendments and interpretations

NICE has not adopted any IFRSs, amendments or interpretations early.

Standards, amendments and interpretations in issue but not yet effective or adopted

International Accounting Standard 8, accounting policies, changes in accounting estimates and errors, requires disclosure in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There are two IFRSs issued by the International Accounting Standards Board that are effective for financial statements after this accounting period.

IFRS 16 Leases

IFRS 16 introduces changes to accounting for leases. The new standard requires an organisation to recognise all the assets which it leases and are material in value (£5k threshold), such as any property, vehicles or equipment, in the statement of financial position as if they were owned outright. All future payments due under the terms of lease are to be recognised upfront as a corresponding liability. Current effective standards do not require all leased assets to be recognised in this way, and future payment commitments are simply disclosed.

IFRS 16 1 April 2022 is the effective date of implementation across the public sector, for the 2022/23 financial year. Transition adjustments will be made early in 22/23.

An assessment of the new standard on leases to which the NICE is a party has been conducted. The only significant leases that will be affected by this new standard are those relating to the use of property.

The NICE has 10-year leases for the use of office space in Manchester and London which commenced in 2017 and 2020 respectively. These leases will require the recognition of a right of use asset and a liability for the future lease payment commitments, which will be recognised in the Statement of Financial Position. The amount to be recognised will only be applied to transactions relevant to the period after the date of the policy change.

The Manchester lease is due to expire by December 2027, and as at 1 April 2022 we estimate the value of asset and liability to recognise will be approximately £5.85 million.

The London lease is due to expire by November 2030, and as at 1 April 2022 we estimate the value of asset and liability to recognise will be approximately £3.71 million.

IFRS 17 Insurance Contracts

IFRS 17 has not been adopted by the HM Treasury FReM, and early adoption is not therefore permitted. The adoption of this standard is unlikely to have any impact on NICE.

2. Analysis of net expenditure by activities

2.1 Operating segments

NICE operates 3 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting), where each reportable segment accounts for either 10% of the reported income, surplus/deficit or net assets of the entity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from the Department of Health and Social Care. NICE also receives funding from other sources, notably from NHS England and Health Education England. Activity associated with this funding is not business activity as defined in IFRS 8, therefore it is not shown as a separate operating segment here. Note 6 provides a detailed breakdown of funding and income received to support NICE activities.

In prior years, income from Technology Appraisals and Highly Specialised Technologies (HST) was not shown as a separate operating segment as it did not fully meet the criteria defined in IFRS 8. However, with increased reporting of the performance of this programme during 2021/22, this income now meets the criteria and has been added as an operating segment. The balances for 2020/21 have been re-presented to aid comparison between financial years.

The NICE Scientific Advice programme provides fee-for-service consultation to pharmaceutical and biotech companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding. This has now become an established programme within NICE, with dedicated resources. In 2021/22 it accounted for 11.5% (12.8% in 2020/21) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

	NICE £000	Technology Appraisals & HST £000	Scientific Advice £000	Total £000
2021/22				
Gross expenditure	61,283	11,475	2,391	75,149
Income	(9,994)	(8,576)	(2,402)	(20,972)
Net expenditure	51,289	2,899	(11)	54,177
2020/21 (Represented)				
Gross expenditure	56,297	10,711	2,011	69,019
Income	(9,782)	(7,035)	(2,458)	(19,275)
Net expenditure	46,515	3,676	(447)	49,744

2.2 Reconciliation of NICE Scientific Advice net assets held within the general fund

With the agreement of the DHSC as sponsor the net assets (cash held in reserve arising from surplus income generation) of the NICE Scientific Advice operating segment are to be held separately within the General Fund.

The fees for technology appraisal and HST topics are charged before we begin each topic and we recognise the income as milestones are reached in the appraisal process. Therefore, the Statement of Financial Position does include cash (current asset) in the bank on the 31 March in each financial year (£7,438k in 21/22, £7,431k in 20/21) relating to partially completed appraisal topics, but these amounts are offset by an equal and opposite amount of contract liabilities (included in trade and other payables). Therefore, the Technology Appraisals and HST segment has nil net assets.

These figures have been re-presented for 20/21 due to the additional disclosure in Note 2.1 for Technology Appraisals & HST.

	NICE £000	Technology Appraisals & HST £000	Scientific Advice £000	Total £000
2021/22 (Re-presented)				
Balance at 1 April 2021	1,452	-	1,576	3,028
Increase / (Decrease) in net assets	312	-	11	323
Segment net assets (as at 31 March 2022)	1,764	-	1,587	3,351
2020/21 (Re-presented)				
Balance at 1 April 2020	1,643	-	1,129	2,772
Increase / (Decrease) in net assets	(191)	-	447	256
Segment net assets (as at 31 March 2021)	1,452	-	1,576	3,028

3. Expenditure

	2021/22 £000	2020/21 £000	Notes to accounts
Staff costs (before recovery of outward secondments)	47,490	42,979	5
Guideline Development Centres	5,089	5,460	
British National Formulary	4,652	4,722	
Premises and fixed plant	3,281	4,055	
External contractors	6,008	3,839	
Healthcare library services	3,269	3,317	
Rentals under operating leases	1,437	1,914	
Medical Technology External Assessment Centres	1,435	1,153	
Supplies and services - general	390	403	
Establishment expenses	432	377	
Education, training and conferences	531	276	
Chair and non-executive directors' costs	156	120	
Legal fees	177	96	
Auditor's remuneration: audit fees *	61	52	
Internal audit expenditure	46	37	
Travel expenditure	131	30	
Non-cash items			
Depreciation	255	443	7
Amortisation	15	56	7
Loss on disposal	0	44	7
Provisions (sum of arising in year, prior year unused and change in discount rate)	294	(354)	11
	564	189	
Total	75,149	69,019	

* No non-audit fees were charged

4. Reconciliation

4.1 Reconciliation of net operating cost to net resource outturn

	31 March 22 £000	31 March 21 £000
Net operating cost	54,177	49,744
Net resource outturn	54,177	49,744
Revenue resource limit	55,300	53,719
Underspend against limit	1,123	3,975

4.2 Reconciliation of gross capital expenditure to capital resource limit

	31 March 22 £000	31 March 21 £000
Gross capital expenditure	425	366
Net capital resource outturn	425	366
Capital resource limit	1,500	3,100
Underspend against limit	1,075	2,734

5. Staff costs

	2021/22			2020/21		
	Permanently employed £000	Other £000	2021/22 Total £000	Permanently employed £000	Other £000	2020/21 Total £000
Salaries and wages	35,490	850	36,340	32,145	742	32,887
Social security costs	4,011	0	4,011	3,569	0	3,569
Employer contributions to NHSPA	6,945	0	6,945	6,274	0	6,274
Apprentice Levy	164	0	164	146	0	146
Termination Benefits	30	0	30	103	0	103
	46,640	850	47,490	42,237	742	42,979
Less recoveries in respect of outward secondments	(215)	0	(215)	(44)	0	(44)
Total net costs	46,425	850	47,275	42,193	742	42,935

Please also see the Remuneration and Staff Report, p68.

Other staff costs relates to agency staff and seconded staff into NICE from other organisations.

6. Income

6.1 Revenue from contracts with customers

NICE receives contractual income from several separate sources, as shown below in accordance with IFRS 15.

	2021/22 £000	2020/21 £000
Contract income from related NDPBs and Special Health Authorities		
NHS England	2,603	2,035
Health Education England	3,612	3,663
NHS Digital	128	150
Contract income from other sources		
Technology Appraisals and Highly Specialised Technologies	8,576	7,035
NICE Scientific Advice	2,402	2,458
Research grant receipts	421	647
Office for Market Access	153	128
Copyright and licence fees	98	108
Income received for staff seconded out (including overheads)	215	49
Income from higher education	47	47
Total revenue from contracts with customers	18,255	16,320

Contract income from related NDPBs and Special Health Authorities shows the income from other NHS organisations whose parent is the Department of Health and Social Care. The funding from NHS England relates to several programmes that NICE delivers or contributes to. Health Education England (HEE) fund the cost of core content (e.g. journals and databases) that is available on the NICE Evidence Search website (available at www.evidence.nhs.uk). NHS Digital income is for assurance and publication of new quality indicators in relation to the provision of health care, public health and adult social care in England, and for the renewal of quality indicators previously published by NHS Digital.

2021/22 was the third year of charging fees for technology appraisals and highly specialised technologies. The amount of income recognised has increased for the third successive year. It is expected to increase further in 2022/23 as new fees will apply from 1 April 22 which should move the programme close to full cost recovery.

The NICE Scientific Advice and Technology Appraisals and Highly Specialised Technologies (TAHST) programmes are operating segments under IFRS 8 (Segmental Reporting). See Note 2 for further details. Copyright and license fees income includes receipts relating to intellectual property and NICE content, charged in the UK and internationally.

The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS on a not for profit basis.

We receive funding from a number of research projects, much of which is funded by the European Union. The income from higher education relates to a payment by JISC Collections for access to the Cochrane library online resource hosted on the NICE website.

6.2 Other operating income

	2021/22 £000	2020/21 £000
Income from devolved administrations	1,984	2,025
Other income sources		
Office sublet income	526	780
Contribution to UK Pharmscan costs	10	11
Other income	47	9
Apprenticeship training grant (non cash)	150	130
Total other operating income	2,717	2,955

Income from Devolved Administrations is a contribution of funds from Wales, Scotland and Northern Ireland to provide certain NICE products and services in those countries.

Other income includes receipts from subletting part of the Manchester Office, a contribution to the cost of running the UK Pharmscan database, plus travel reimbursements and honorariums for speaking engagements at conferences and seminars.

7. Non-current assets

7.1 Property, plant and equipment

2021/22	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2021	2,509	227	1,665	541	4,942
Additions – purchased	28	0	397	0	425
Disposals	0	(168)	(39)	0	(207)
At 31 March 2022	2,537	59	2,023	541	5,160
Depreciation					
At 1 April 2021	2,043	225	1,392	367	4,027
Charged during the year	94	1	119	41	255
Disposals	0	(168)	(39)	0	(207)
At 31 March 2022	2,137	58	1,472	408	4,075
Net book value at 31 March 2022	400	1	551	133	1,085
Net book value at 31 March 2021	466	2	273	174	915

All of NICE's assets are owned.

2020/21	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2020	3,576	300	1,456	1,005	6,337
Additions – purchased	152	0	209	0	361
Disposals	(1,219)	(73)	0	(464)	(1,756)
At 31 March 2021	2,509	227	1,665	541	4,942
Depreciation					
At 1 April 2020	3,093	237	1,274	692	5,296
Charged during the year	158	61	118	106	443
Disposals	(1,208)	(73)	0	(431)	(1,712)
At 31 March 2021	2,043	225	1,392	367	4,027
Net book value at 31 March 2021	466	2	273	174	915
Net book value at 31 March 2020	483	63	182	313	1,041

All of NICE's assets are owned.

7.2 Intangible assets

	Total software licenses £000
Cost or valuation	
At 1 April 2021	401
Additions – purchased	0
Disposals	(235)
At 31 March 2022	166
Amortisation	
At 1 April 2021	382
Charged during the year	15
Disposals	(235)
At 31 March 2022	162
Net book value at 31 March 2022	4

All of NICE's assets are owned.

Cost or valuation	
At 1 April 2020	452
Additions – purchased	5
Disposals	(56)
At 31 March 2021	401
Amortisation	
At 1 April 2020	382
Charged during the year	56
Disposals	(56)
At 31 March 2021	382
Net book value at 31 March 2021	19

All of NICE's assets are owned.

8. Trade receivables and other current assets

Amounts falling due within 1 year	2021/22 £000	2020/21 £000
Contract receivables invoiced	849	1,764
Contract receivables not yet invoiced	336	290
Total contract receivables	1,185	2,054
Other receivables	464	337
Prepayments	1,535	900
Accrued Income	17	0
	3,201	3,291

NICE does not hold any contract assets.

The amount of contract receivable not yet invoiced relating to EU funding is £119,000 (£145,000 in 2020/21).

9. Cash and cash equivalents

	2021/22 £000	2020/21 £000
Balance at 1 April	10,805	9,343
Net change in cash and cash equivalent balances	1,920	1,462
Balance at period end	12,725	10,805

The following balances at March were held:

Government Banking Service	12,725	10,805
Balance at period end	12,725	10,805

10. Trade payables and other liabilities

Amounts falling due within one year	2021/22 £000	2020/21 £000
Trade payables	(2,181)	(1,019)
Capital creditors	(184)	0
Tax and social security	(1)	0
VAT	(25)	0
Accruals	(2,549)	(2,208)
Contract liabilities	(7,842)	(7,978)
	(12,782)	(11,205)

11. Provisions for liabilities and charges

	Total £000
Balances at 1 April 2020	1,347
Arising during the year	209
Utilised during the year	(196)
Provision not required written back	(561)
Change in discount rate	(2)
Balance at 1 April 2021	797
Arising during the year	332
Utilised during the year	(209)
Provision not required written back	(81)
Change in discount rate	43
At 31 March 2022	882
Analysis of expected timing of cash flows	
Within 1 year to (period to Mar 2022)	277
1-5 years (period Apr 2022 - Mar 2026)	55
Over 5 years (period Mar 2026+)	550

As at 31st March 2022 NICE had no provisions in respect of legal costs (£81k 20/21), £332K in relation to staff redundancy (£209K 20/21) and £549K (£507k 20/21) in respect of expected dilapidation.

The dilapidation relates to NICE's contractual liability at the end of the Manchester office lease to reinstate the premises to the same state as at the start of the lease. The amount of the liability provision represents the current best estimate. The provisions have been discounted at 0.47% for short term (up to 5 yrs) and 0.7% for medium term (5-10 years). £209k in relation to staff redundancy, was utilised in 21/22. £81k relating to legal costs was written back as at 31st March 2022.

12. Capital commitments

NICE has no contracted capital commitments as at 31 March 2022 for which no provision has been made (31 March 2021 £nil).

13. Commitments under leases

Operating lease obligations

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires.

	2021/22 £000	*Restated 2020/21 £000
Obligations under operating leases comprise		
Buildings		
Not later than one year	1,605	1,589
Later than one year and not later than five years	5,612	5,428
Later than five years	2,341	3,579
	<u>9,558</u>	<u>10,596</u>
Other leases		
Not later than one year	8	9
Later than one year and not later than five years	0	0
Later than five years	0	0
	<u>8</u>	<u>9</u>

Buildings

NICE leases office space in London and Manchester.

The Manchester lease expires December 2027, with a break clause date of December 2024. The rent is due to be reviewed in December 2022.

The London office is sublet from DHSC and expires November 2030 alongside the head lease. The rent is due to be reviewed in August 2024 and 5 yearly thereafter.

*The value of the 20/21 buildings obligations have required restatement. The basis of the calculation for the London office was previously based on the cost of rent for the entire floor in the London office rather than the 29% which was specific to NICE. What was calculated as a lease of £15.6 million over 10 years has therefore reduced to a lease of £4.5 million over that same period.

14. Other financial commitments

NICE has entered into non-cancellable contracts (which are not leases or private finance initiative contracts) for services. The payments to which NICE is committed during 2021/22 analysed by the period during which the commitment expires are as follows:

	2021/22 £000	2020/21 £000
Not later than one year	707	606
Later than one year and not later than five years	398	36
Later than five years	0	0
	1,105	642

15. Related parties

NICE is sponsored by DHSC, which is regarded as a related party. During the year, NICE has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity. These include NHS England, Health Education England, NHS Digital, the Care Quality Commission, the Human Fertilisation and Embryology Authority, NHS Business Services Authority, NHS commissioning support units, NHS trusts and NHS foundation trusts.

In addition, NICE has had transactions with other government departments and central government bodies. These included Homes England, the Regulator of Social Housing, the Government Property Agency, and the British Council. During the year ended 31 March 2021, no board members, members of senior management, or other parties related to them have undertaken any material transactions with NICE except for those shown in the table below.

It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions. Any compensation paid to management, expense allowances and similar items paid in the ordinary course of operations is included in the notes to accounts and in the remuneration and staff report (p68).

Related parties 2021/22

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Guidelines International Network	Prof Gillian Leng CBE, MD	Chief executive	Trustee	0.0	2.2	0.0	0.0
King's College London	Prof Tim Irish	Interim Chair / Non-Executive Director	Professor and Consultant	0.0	87.0	7.0	0.0
NHSE and NHSI	Prof Bee Wee CBE	Non-Executive Director	National Clinical Director for End of Life Care	2,633.0	8.0	24.0	213.0
Oxford University Hospitals NHS Foundation Trust			Consultant and Senior Lecturer in Palliative Medicine	0.0	26.0	2.0	0.0
Liverpool University Hospitals NHS Foundation Trust	Dame Elaine Inglesby-Burke DBE	Non-Executive Director	Chief Nursing Officer	2.0	0.0	0.0	0.0
Northern Care Alliance NHS Foundation Trust			Non-Executive Director - NICE ¹	0.0	10.0	1.0	0.0
Bristol Myers Squibb/Pfizer	Gary Ford CBE	Non-Executive Director	Chair Pfizer/Bristol Myers Squibb independent atrial fibrillation detection improvement grants	967.6	0.0	0.0	136.5
Oxford University Hospitals NHS Foundation Trust			Consultant Physician, Oxford University Hospitals NHS Foundation Trust	0.0	26.0	2.0	0.0
Medicines and Healthcare Products Regulatory Agency	DHSC Group member(s)		DHSC Group	0.0	29.9	0.0	0.0

1 Remuneration paid via a charge from Northern Care Alliance

Related parties 2020/21

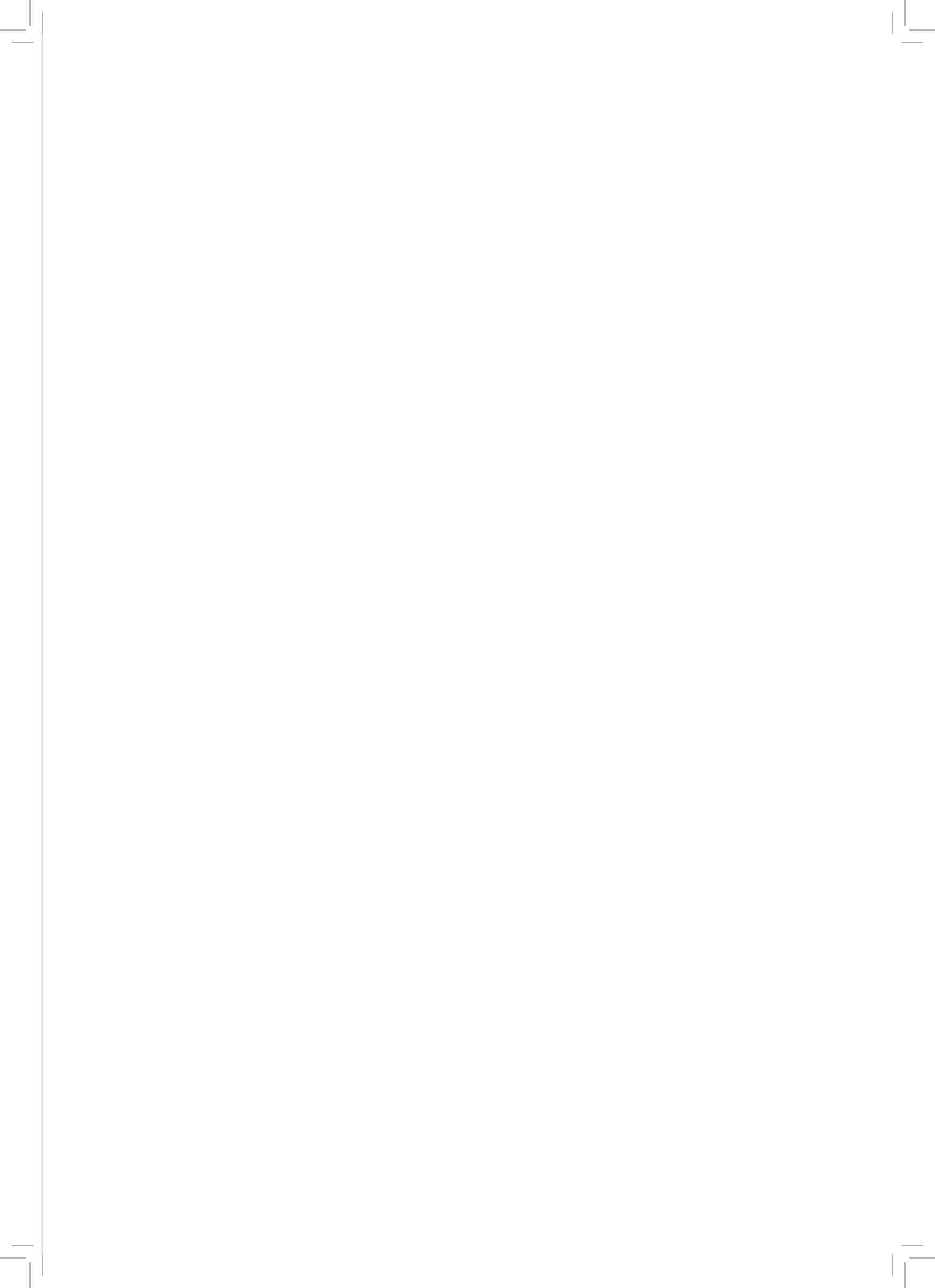
Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Guidelines International Network	Prof Gillian Leng CBE, MD	Chief executive	Chair	0.0	2.2	0.0	0.0
King's College London	Prof Tim Irish	Interim chair / non-executive director	Professor and consultant	0.0	248.2	38.9	0.0
Northern Care Alliance NHS Group (Salford Royal NHS Foundation Trust and Pennine Acute NHS Trust)	Dame Elaine Inglesby-Burke DBE	Non-executive director	Chief nursing officer	0.0	7.9	1.3	0.0
Novartis	Prof Martin Cowie	Non-executive director	Consultancy payments related to global clinical trails or registries	521.9	0.0	0.0	0.0

16. **Events after the reporting period**

In accordance with requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The financial statements were authorised for issue by the Accounting Officer on the date that they were certified by the Comptroller and Auditor General.

A non-adjusting event occurred in April 2022. Our contracts with the Royal College of Physicians and the Royal College of Obstetricians and Gynaecologists (known together at NICE as the Guideline Development Centres) ceased on 31 March 2022. On the 1 April 2022, c.80 staff transferred into NICE under TUPE regulations along with novated contracts for services. The value of the contracts was £5,089k in 2021/22 (see note 3 – Expenditure). The financial impact of the transfer is expected to be cost neutral overall, but in 2022/23 it is expected that there will be a movement of approximately £4.3m from non-pay expenditure to pay expenditure due to the movement of staff.



ISBN: 978-1-5286-3456-4

E02759949

07/22